COAST GUARD AUTHORIZATION ACT FOR 1983 AND 1984

HEARING

BEFORE THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

SECOND SESSION

ON

S. 2252

TO AUTHORIZE APPROPRIATIONS FOR THE COAST GUARD FOR FISCAL YEARS 1983 AND 1984, AND FOR OTHER PURPOSES

MARCH 26, 1982

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COAST GUARD AUTHORIZATION

FRIDAY, MARCH 26, 1982

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, D.C.

The committee met, pursuant to notice, at 9 a.m., in room 235, Russell Senate Office Building, Hon. Bob Packwood (chairman of the committee) presiding.

Staff members assigned to this hearing: Peter A. Friedmann, Staff Counsel and James S. W. Drewry, Minority Staff Counsel.

OPENING STATEMENT BY THE CHAIRMAN

The CHAIRMAN. The hearing will come to order. This is a hearing on the authorization for the Coast Guard. We have a number of Senators who have asked to appear and, frankly, I am delighted to see as many of our colleagues as interested in the Coast Guard authorization as I am.

Before we start the hearings this morning, let me simply say this. I have read all of the testimony, including that of the administration, and I simply cannot agree with the conclusions the administration has come to on the budget for the Coast Guard. Last year I supported President Reagan on almost every spending cut that he asked of the Congress. This year I hope to support him on many of his spending cuts, but as far as the Coast Guard is concerned, I cannot understand how the administration has come to the conclusion that it has come to.

Every year we ask the Coast Guard to do more and more things, to intercept more Haitians, to find more drug traffickers, to save more fishermen who have overturned their boats at sea, and to inspect more boats. And yet we make their budget thinner and thinner; we cut their personnel.

I can speak from personal experience in Oregon. I have been on your boats. I have been in your helicopters. I have been involved in some search and rescue missions. There is no Government organization in the State of Oregon that is held in higher esteem than the Coast Guard, and I personally am going to do everything as a Senator and as chairman of this committee to make sure that the budget is as full and as fair as we can possibly make it. And I hope to be able to convince the President that indeed in this particular area he is penny wise and pound foolish and he is making a mistake to be as cautious and in my mind wary of funding as he has been with the Coast Guard.

The first Senator to testify this morning is George Mitchell of Maine. George,

STATEMENT OF HON. GEORGE MITCHELL, U.S. SENATOR FROM MAINE

Senator MITCHELL. Thank you, Mr. Chairman. I appreciate the opportunity to share with you and the committee my views on the Coast Guard's serious need for increased funding. I am here today because I know how vital to Maine's coastal communities and fishing industry throughout the Nation are the services performed by the Coast Guard; because I consider the existing 1982 and the proposed fiscal year 1983 budgets to be wholly inadequate, given the responsibilities which have been assigned to the service; and because I am convinced that the Coast Guard's problems can be resolved only if Congress agrees to increase funding.

I hope that the discussion which occurs here today will awaken policymakers and budget planners within the executive branch to the great importance of the Coast Guard and will lead them to be more sensitive to the Coast Guard's present and future fiscal needs.

The Coast Guard is the only one of our Armed Forces which has not been exempted from the cuts which the administration sought in fiscal year 1982. This is disturbing because both the administration and the Congress continue to turn to the Coast Guard whenever there is a difficult maritime task which must be performed.

Since 1976, the Coast Guard has been given a number of major new responsibilities. These include fisheries enforcement within the 200-mile zone; the promotion of safety on, and the protection of the environment surrounding offshore oil installations; regulation of deep seabed mining test sites; and the interdiction of refugees.

The Coast Guard has been particularly active in the latter activity. Under an Executive order issued last September, the Coast Guard was instructed to stop and board certain vessels traveling from Haiti to the United States. The objective was to prevent aliens from entering the United States illegally. This followed a 1980 program under which the President ordered the Coast Guard to establish a 24-hour per day search and rescue presence in the straits between Key West and Cuba. Between April and July of that year when the Cuban boatlift occurred, the Coast Guard received over 1,300 distress calls and inspected for safety numerous American vessels engaged in that effort.

I consider these new responsibilities to be appropriate ones for the Coast Guard to assume. At the same time, I must emphasize that the Coast Guard cannot be expected to perform adequately if the Congress fails to provide it the resources needed to undertake these new responsibilities as well as the service's traditional duties.

The situation which has developed was characterized well by Coast Guard Commandant John Hayes in his State of the Coast Guard address last year. He said in part:

> Our capital plan is unacceptable, especially our ships, boats and shore facilities and some of our aircraft. * * * We find ourselves at somewhat of a strategic disadvantage with respect to resources precisely at a time when our country needs our capability the most. We do not have the people or the dollars to support our missions properly, and we cannot expect our people to continue responding reasonably under unreasonable conditions.

This statement was made by Admiral Hayes 1 year ago. Little or nothing has occurred since to correct the situation, despite your efforts, Mr. Chairman, and the efforts of the Senator from North

Carolina, Mr. Hollings, and the Congressman from Cape Cod, Mr. Studds, to draw the public's attention to the problem. In fact, in January, the Coast Guard acknowledged that it must reduce its force by some 3,500 people, and it announced that it will close search and rescue stations, and documentation offices around the Nation. In Maine, an eight-man search rescue station at Eastport was designated for closure, as were Maine documentation offices at Rockland and Portland, a recruiting center at Bangor, and an examination center at Portland.

In late January I participated in a House hearing on this subject and I was fortunate to hear testimony from representatives of New England's fishing industry. These men and their colleagues up and down both coasts of this country are the ones who stand to lose the most from the cutbacks which have been announced. They believe that their lives may be lost at sea if the Coast Guard's search and rescue response is further limited by ancient equipment, inadequate manpower, or a general lack of needed resources.

I joined with you, Mr. Chairman, and Senator Hollings in January in proposing that an emergency supplemental appropriation of $46 million be approved for the Coast Guard. This amount would bring its operating expense account back up to the level which the administration last March requested for fiscal year 1982. While this emergency funding may prevent some of the more drastic closures which have been recommended, we all know that substantially more will be required if the Coast Guard is to maintain its present level of services.

Clearly, the costs of congressionally mandated personnel benefits increases, pay raises, and increased fuel costs will have to be met with supplemental funds. If they are not provided for, the Coast Guard will, as Admiral Zumstein, the first district commandant, so well put it recently in Boston, we will "* * * be eating our seed corn."

If I could add a personal note, Mr. Chairman, I served for several years as U.S. attorney in Maine, and I prosecuted a great many drug smuggling cases along the coast of Maine. Not one of them would have been possible without the Coast Guard's cooperation. They did an excellent job.

Second, their inadequate manpower makes it clear that they are only getting a fraction of the smuggling that is occurring.

Third, last month the Vice President of the United States went to Miami and told the people of south Florida that the Coast Guard's activities in that area would be increased, not more than a few days apart from the administration's proposing a 25-percent reduction overall in the Coast Guard's budget in 1983.

I would like to know how we can cut their budget 25 percent, increase their activities in Florida, without denuding the rest of the American coast.

I think the Coast Guard has done an excellent job. There has not been a suggestion of inefficiency or waste. They are operating with old equipment. We have to provide the necessary funding. The administration will not do it. It is up to the Congress to do it.

Thank you, Mr. Chairman.

The CHAIRMAN. George, thank you.

I indicated the Senators could speak in the order of their appearance. Senator Cohen is next, but I see Senator Pell. Do you want to come up, Claiborne, to the table?

STATEMENT OF HON. WILLIAM S. COHEN, U.S. SENATOR FROM MAINE

Senator COHEN. Thank you, Mr. Chairman. I will not try to add too much to what my colleague, Senator Mitchell, has said. I was wondering whether or not he was going to indicate that not only did he have the opportunity to prosecute cases before the bar in Maine, but he also turned around and sat in judgment on some of those cases later on.

Senator MITCHELL. Different ones.

Senator COHEN. Let me try to be a little parochial if I can, and I assume that Senator Mitchell may have touched upon this. We have a 3,500-mile coastline in the State of Maine. And as many of you know, we have a situation in which it is a dangerous coastline: heavy fog, we have rough waters at times, and we have very cold water.

We have a situation now as far as search and rescue missions are concerned where we do not have any kind of helicopter facility in the State of Maine. The nearest helicopter facility on the part of the Coast Guard is in Cape Cod. It is an hour away. And you just think about what the possibilities of survival are when you have to fly all the way from Cape Cod to get to the Gulf of Maine, where since 1979 we have lost 15 mariners. And the estimates are that we could have saved at least half of those people that drowned during that period of time.

Now the Coast Guard has taken the position that they really cannot afford to put a helicopter facility in Maine. Senator Mitchell, myself, and the other members of the Maine delegation have tried for several years now to say we have to have some sort of helicopter facility in Maine because we are losing people and we are going to lose more.

So I would look at it even from a parochial point of view, what this budget will do is even cut that service back further, and I think it simply is untenable.

Senator Mitchell has touched upon drugs. Let me touch upon the 200-mile limit. I was one of the original cosponsors of the 200-mile limit bill that we passed some years ago to try to preserve our fisheries. As a result of the cutbacks, we are going to have a reduction of about 60 percent of the enforcement of our laws. Particularly at a time when we are coming into very, very strict competition with our competitors to the north, the Canadians and others, this is going to have an even more dramatic impact.

I touch just for a moment upon the state of the Coast Guard's assets. You, Mr. Chairman, Senator Gorton and others will recall the hue and cry that goes up every year when we talk about bringing back the battleships. I expect it will take place again this year about bringing the battleships out of mothballs, and you will hear the cries saying we cannot simply bring those old ships and put them back into the active fleet.

Well, the truth of the matter is that those old ships, those old battleships, have about a life service of 12 to 14 years of active service, 12 to 14 years, those old World War II battleships. And in fact, if you compare that with the Coast Guard, the Coast Guard's average, as I understand it, is about 22 years, some of them 40 years old. The *Cuyahoga* was 50 years old.

So what we are talking about is imposing tremendous burdens upon this very vital service, more and more burdens, and asking them to do it with less and less and something that is older and older.

I am reminded of that expression by Dr. Johnson. He is walking down the street and his companion saw that dog who was walking on its hind legs. His lady friend commented, "How grotesque." Johnson said, "Madam, the notable thing is not that he does it so poorly but that he does it at all." And I think the opposite is quite true here. It is not that they do it so well in the Coast Guard. The marvelous thing is how they do it at all, given the responsibilities, the added responsibilities, and the limited assets they do have.

I would like to conclude my statement, Mr. Chairman, by reading from Seapower magazine, March of this year, in which the president of the Navy League, Joseph Rau, has a very timely and I think an important lead editorial. The final paragraph I think is worth noting. Mr. Rau says:

> But there is no time to waste. Today's Coast Guard is seriously undermanned, underfunded and overworked, and overdue for someone to carry out a national search and rescue mission to come to the rescue of the U.S. Coast Guard itself. Let's face it. What the Coast Guard has been these past years is not a "can do" service; it has been a "can't do, but we will try anyway" outfit. But that time is over. The stretch is all gone out of the rope and the strands are starting to snap.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Bill.

STATEMENT OF HON. CLAIBORNE PELL, U.S. SENATOR FROM RHODE ISLAND

Senator PELL. Thank you very much, Mr. Chairman.

I would like to thank you, Mr. Chairman, for giving me this opportunity to share my concerns about the Coast Guard with your committee.

I don't think any member of this committee needs to be convinced that the Coast Guard today faces the greatest crisis in its 192-year history. A service with a proud tradition of excellence and achievement finds itself overtasked and severely underfunded. Last year's oversight report of the House Merchant Marine and Fisheries Committee concluded with these grim findings:

The Coast Guard is stopping only about 20 percent of the marihuana and hard drugs being smuggled into this country along our coasts. Achieving the Commandant's goal of 75 percent interdiction would require virtually a doubling of the Coast Guard budget;

The service is well short of its goals for enforcing the 200-mile fishing limit with at least one-half a million dollars in additional funding necessary to meet minimal fisheries laws enforcement targets;

The marine environmental protection program is fulfilling only about 50 percent of its goal;

In the last decade, the search and rescue program has experienced a 70-percent increase in calls for assistance, although the same number of personnel are assigned to this mission today as in 1970; and

Due to lack of new procurement, the Coast Guard is entering a period when it will have fewer high and medium endurance cutters available to it than it has had at any time since before World War II.

Looking to the future, there is no question that the Coast Guard's workload will increase even more. Accelerated offshore oil and gas exploration will generate additional environmental and safety demands. Drug trafficking along our coasts—regrettably—is expected to increase for the remainder of the decade. The ocean environment, in short, will be subjected increasingly to conflicting industrial, scientific, and recreational demands. And yet, Mr. Chairman, we are fast approaching the day when a disaster will strike—either an oil spill in our waters, or a fishing vessel in trouble, or a boating accident with lives in jeopardy—and the Coast Guard will no longer be there to respond.

It is in this grim context, Mr. Chairman, that we in Congress consider the Coast Guard's funding needs in fiscal 1983.

I agree with Senator Stevens that the budget authorization bill introduced Monday, S. 2252, is a "barebone budget"—the bare minimum by which the Coast Guard can go on and meet its existing responsibilities. Recognizing the budget problems we currently face throughout Government, this bill is a realistic authorization for the Coast Guard, though the level of need would obviously justify a higher level of funding.

I would like to briefly suggest several areas in the bill where I believe improvements should be made that will greatly upgrade the Coast Guard's performance over the next few years:

First, the committee has wisely emphasized the capital improvement program, by recommending an additional $550 million in 1983 and $650 million in 1984 for new ships and equipment. I have previously recommended—as has Commandant Hayes—that the capital improvement program be set at $750 million, and sustained at that level, adjusted for inflation, for the next 10 years. This is absolutely essential, in my view, to correct for years of underfunding that have left us with the oldest fleet of any Coast Guard in the world. The true bottom line for the Coast Guard is the need for additional cutters and aircraft; without them the high level of performance that has always been the hallmark of the Coast Guard will dangerously diminish. I would strongly urge your committee to increase the budget for new ships and equipment to the $750 million level.

Second, the committee bill recognizes the Coast Guard's own recent initiatives toward delegating some of the commercial vessel inspection program to the American Bureau of Shipping. The Coast Guard regulatory and inspection programs, in my view, have transformed a proud military service into just another part of the bureaucracy. Given the severe budget pressures, the Congress must reduce the need for the Coast Guard to devote its time and limited resources to tasks which could be handled as efficiently by other governmental agencies, or by the private sector.

With the important exception of maintaining essential crew safety and pollution prevention safeguards, I believe commercial vessel inspection can be carried out by private industry without impairing any construction or vessel classification standards. In most areas, Coast Guard standards are already qualitatively identical to industry-imposed standards. By eliminating duplication and overlapping regulations, we can relieve the Coast Guard of unessential bureaucratic functions and allow it to concentrate on the paramount operational duties of saving lives, engaging in law enforcement and protecting the marine environment. I would urge the committee to consider further delegation of the vessel inspection program to private industry.

Rescuing the Coast Guard from its current crisis is not merely a question of preventing the unpopular budget cuts that were announced and so widely publicized a few months back. Each of us, rightly, is concerned about the effect these cuts will have in our State. We must promptly appropriate sufficient funding for essential Coast Guard missions during the remainder of 1982. In considering the authorization bill before us today, however, we must look to the needs of the Coast Guard—and our Nation—in the years 1990 and beyond. The seas, more and more, will become the arena of economic and military competition in the years ahead. No longer just an important means of transportation, the oceans are a battleground for diminishing resources of oil, minerals, and protein. Our continued strength as a maritime nation is tied to our ability to harvest these resources, and to protect them from destruction by oil and chemical pollution. I am reminded of President Kennedy's oft-stated belief that "the oceans will ultimately determine conditions of life in the rest of the world." In my judgment, the Coast Guard's unique capabilities will be progressively more valuable to the country in the future than they have been in years past. That is why this 2-year authorization is so important—to get the Coast Guard back on the right track before performance levels deteriorate even further. The need has never been greater, and the time to act is very short indeed. Let us commit ourselves to getting the job done.

The CHAIRMAN. Senators, thank you very much. I know both Senator Gorton and I have opening statements. I have no questions to ask you and do not want to delay you any further.

Slade, do you have any questions of them?

Senator GORTON. No.

The CHAIRMAN. Thank you very much for taking the time to come this morning. Thank you for staying within our 5-minute limit. It sets a good example for the following witnesses. If Senators can stay within it, anybody can stay within it.

Senator MITCHELL. We got plenty of warning of how you imposed it.

The CHAIRMAN. Yes, but you moved away from where the trapdoor is.

Senator Gorton.

OPENING STATEMENT BY SENATOR GORTON

Senator GORTON. Mr. Chairman, I thank you for that eloquent statement, with which I agree. The Coast Guard performs a wide variety of services for the public: search and rescue, pollution control, drug enforcement, vessel traffic safety, and of course of great importance in our part of the country, as well as in other parts of the country, the enforcement of laws relating to foreign fishing. It is also statutorally charged with playing a significant role in our defense posture.

The Coast Guard has been historically underfunded, but that underfunding is greatly exacerbated by the budget request from the administration with which we are dealing here today. To perform its tasks adequately, to continue to provide vital services to the public, the Coast Guard obviously must have adequate funding, and adequate funding is not included in the administration's request.

It is for that reason that I have joined with you in cosponsoring the Coast Guard authorization bill for the next 2 years. I hope that with funding at that level, the Coast Guard can properly address its responsibilities to the Nation as a whole and to the Pacific Northwest.

[The bill follows:]

97TH CONGRESS
2D SESSION

S. 2252

To authorize appropriations for the Coast Guard for fiscal years 1983 and 1984, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 22 (legislative day, FEBRUARY 22), 1982

Mr. PACKWOOD (for himself, Mr. STEVENS, Mr. GORTON, and Mr. CANNON) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

---

A BILL

To authorize appropriations for the Coast Guard for fiscal years 1983 and 1984, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Coast Guard Authorization Act for 1983 and 1984".

SEC. 2. AUTHORIZED APPROPRIATIONS.

Funds are authorized to be appropriated for fiscal years 1983 and 1984 as follows:

(a) For the operation and maintenance of the Coast Guard, including expenses related to the Capehart housing

debt reduction, $1,700,000,000 for fiscal year 1983 and $2,000,000,000 for fiscal year 1984.

(b) For the acquisition, construction, rebuilding, and improvement of aids to navigation, shore facilities, vessels, and aircraft, including equipment related thereto $550,000,000 for fiscal year 1983 and $650,000,000 for fiscal year 1984.

(c) For research, development, test, and evaluation, $29,000,000 in fiscal year 1983 and $32,000,000 in fiscal year 1984, of which sufficient funds shall be made available to continue in operation a Coast Guard research and development center through the end of the 1984 fiscal year.

(d) For retired pay including the payment of obligations therefor otherwise chargeable to lapsed appropriations for this purpose, and payments under the Retired Serviceman's Family Protection and Survivor Benefit Plans, and for payments for medical care of retired personnel and their dependents under the Dependents Medical Care Act, $336,000,000 is authorized for fiscal year 1983 and $396,000,000 is authorized for fiscal year 1984.

SEC. 3. PERSONNEL.

(a) MILITARY.—The Coast Guard is authorized an end-of-year strength for active duty personnel of 41,500 in fiscal years 1983 and 1984. This end-of-year strength shall not include members of the Ready Reserve called to active duty

under the authority of section 712 of title 14, United States Code.

(b) CIVILIAN.—Notwithstanding any other provision of law, the fiscal 1983 and 1984 end-of-year civilian personnel strength of the Coast Guard shall be at least 5,484.

SEC. 4. MILITARY STUDENT TRAINING.

For fiscal years 1983 and 1984, the Coast Guard is authorized average military student training loads as follows:

(a) For recruit and special training, 3,660 student years.

(b) For flight training, 118 student years, a proviso being that more in-flight training hours be used on actual patrols, thus increasing the total Coast Guard patrol capacity.

(c) For professional training in military and civilian institutions, 655 student years.

(d) For officer acquisition, 1,038 student years.

SEC. 5. DELEGATION OF AIDS TO NAVIGATION RESPONSIBILITIES.

(a) Section 81 of title 14, United States Code, is amended by adding at the end thereof the following: "The Coast Guard may establish, maintain, and operate aids to maritime navigation under paragraph (1) of this section by contract with any person, public body, or instrumentality.".

(b) Section 84 of title 14, United States Code, is amended by inserting after the first sentence the following: "The

preceding sentence shall not apply to any person, public body, or instrumentality acting pursuant to a contract under section 81 of this title or pursuant to authority obtained under section 83 of this title.".

(c) Not later than one year after the date of enactment of this Act, the Secretary of the department in which the Coast Guard is operating shall submit a report to the Congress evaluating—

(1) the exercise by contract of the authority of the Coast Guard under section 81 of title 14, United States Code, to establish, maintain, and operate aids to navigation, including a discussion of any problems involved in exercising such authority by contract, the reasons for exercising or failing to exercise such authority by contract in particular areas, and the feasibility of expanding the exercise of such authority by contract; and

(2) the advantages and disadvantages of increasing the ratio of civilian to military employees assigned to the establishment, maintenance, and operation of aids to navigation on the inland waterways of the United States.

SEC. 6. AVAILABILITY OF INSPECTION RECORDS.

The Act entitled "An Act to constitute a Bureau of Navigation in the Treasury Department", enacted July 5,

1884 (23 Stat. 118), is amended by adding at the end of section 8 (as added by section 9 of Public Law 97–136) the following new subsection:

"(d) In any case in which an inspection or examination is delegated under subsection (a) to the American Bureau of Shipping, or similar American classification society, or agent thereof, such Bureau, society, or agent, as the case may be, shall maintain within the United States complete files of all information derived from or necessarily connected with such inspection or examination and shall permit access to such files at all reasonable times to the Coast Guard or any agent designated in writing by the Coast Guard.".

SEC. 7. MILITARY PERSONNEL MANAGEMENT.

Title 14, United States Code, is amended as follows:

(a) Chapter 3 is amended by adding the following new section after section 51:

"§ 52. Vice admirals, continuity of grade

The continuity of an officer's precedence on the active duty promotion list, date of rank, grade, pay, and allowances as a vice admiral shall not be interrupted by the termination of an appointment for the purpose of reappointment to another position as a vice admiral.".

(b) Section 368 is repealed.

(c) Section 93 is amended by—

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(1) deleting the final word "and" from subsection (p);

(2) deleting the period at the end of subsection (q) and substituting "; and"; and

(3) adding the following new subsection:

"(r) provide medical and dental care for personnel entitled thereto by law or regulation, including care in private facilities.".

SEC. 8. ELIMINATION OF REPORTS.

(a) Subsections (e) and (f) of section 475 of title 14, United States Code, are repealed.

(b) Section 391(a)(19) of title 46, United States Code, is repealed.

The CHAIRMAN. We will start the hearings with Darrell Trent, the Deputy Secretary of the Department of Transportation, and Admiral Hayes, the Commandant of the U.S. Coast Guard.

All of your statements will be in the record in full. This committee observes a 5-minute rule on oral presentations. I have had the chance to read all of your statements in full with the exception of one witness that did not have a statement in by last night. But the rest of them I have read and am familiar with them.

Mr. Secretary, go right ahead.

STATEMENT OF DARRELL M. TRENT, DEPUTY SECRETARY, DEPARTMENT OF TRANSPORTATION, ACCOMPANIED BY DON DERMAN, ASSISTANT SECRETARY FOR BUDGET AND PROGRAMS, AND ADM. JOHN B. HAYES, COMMANDANT, U.S. COAST GUARD

Mr. TRENT. Thank you very much, Mr. Chairman and members of the committee. I am here this morning with the Commandant of the Coast Guard, Admiral Hayes, and the Assistant Secretary for Budget and Programs, Don Derman. We welcome this opportunity to respond to your invitation and testify on the Coast Guard budget.

It is with a great deal of pride that Secretary Lewis and I and the Department of Transportation have an opportunity to work with the Coast Guard and to represent them and their interests in Congress as well as within the administration.

The Coast Guard's fiscal year 1982 authorization request which we present to you today will fund essential Coast Guard needs while providing for the prudent use of our tax dollars. Our plans will continue to permit the Coast Guard to discharge its many and important responsibilities.

As to the operating expense budget, the Coast Guard's fiscal year 1983 request of $1.51 billion provides an increase of $154 million above the fiscal year 1982 levels which the Congress has appropriated. Affecting the fiscal year 1983 request is reimbursement to the Coast Guard by DOD, NSF, and MARAD for icebreaking services of approximately $27 million in fiscal year 1983. Also included in the fiscal year 1983 amount is $36 million for medical care costs of the Coast Guard active duty personnel and their dependents, due to the transfer of this function from the Public Health Service.

The acquisition, construction, and improvement request for fiscal year 1983 has received considerable attention. The amount requested takes into consideration the $766 million made available in fiscal year 1982 appropriations and carryover from fiscal year 1981.

Program estimates based on the rate of obligation of funds that have been made available in fiscal year 1982 reflect our best judgment of prudent management practices. The $300 million in DOD funds was not appropriated until very late in the first quarter of fiscal year 1982, but we have been able to accomodate that dramatic doubling of requested funds by instituting a program which responsibly obligates funds.

Our capital plan calls for the continuation of the multiyear procurement of the new jet aircraft for medium range surveillance, the new helicopter, and the new 270-foot class medium endurance cutter. These additions to the capital inventory will greatly increase the capabilities of the Coast Guard.

In addition to acquiring new vessels, we plan to continue to fund from the A.C. & I. account midlife overhaul programs which keep older vessels in better shape and result in increased capabilities.

The Coast Guard research and development request totals $15 million, which will enable continuation of the more important projects which have been started in previous years.

The Coast Guard has determined that bridge alteration is of lower priority than other programs, and we have not requested funding for fiscal year 1983 for this program.

There are other provisions in our authorization proposal which Admiral Hayes can discuss in detail if you wish, dealing with enlistments, rank retention, and enabling legislation to affect the transfer of medical care.

Mr. Chairman, this concludes our prepared statement and we would be happy to answer questions.

The CHAIRMAN. Mr. Secretary, the final appropriation for fiscal year 1982 for the Coast Guard was $2.35 billion; is that correct?

Mr. DERMAN. Yes, that is correct.

The CHAIRMAN. The administration is asking this year $1.89 billion?

Mr. DERMAN. Yes.

The CHAIRMAN. So what the administration is asking this year is a reduction of roughly $460 million from what was appropriated last year?

Mr. TRENT. With respect to the request for budget authority, that is correct.

The Chairman. Yes. Now under those circumstances, Mr. Secretary, how are you going to carry out what Vice President Bush has announced? You are going to increase the use of ships for the interdiction of drug traffic; you are going to increase them for the interdiction of Haitians; you are asking for $460 million less than last year; you have ships that are aging and that in all good conscience probably ought to be decommissioned. How are you going to increase the Coast Guard efforts in those areas where you want to increase them, cut back on the budget, try to keep running aging ships and still carry on all of the other functions that the Coast Guard is asked by this Government to carry on?

Mr. TRENT. Mr. Chairman, let me answer in general and then Admiral Hayes will answer in specific on the terms for particularly the plans in the Caribbean that will lead to drug interdiction.

I think first of all that the fact that the 270-foot cutters will come on line at the end of this year and begin service in the fiscal year 1983 budget, will start a phasing out of the older ships and change significantly the average age of the ships that are in——

The CHAIRMAN. You are not going to do that overwhelmingly by bringing two new ships on line. That is not going to change the average age that much.

Mr. TRENT. The 13 ships that are scheduled for delivery and are in process will lead to the retirement of ships that are much older. And as pointed out in some of the earlier testimony, some of the ships in the Coast Guard are 40 to 50 years old, and a number of those will be phased out. The 378-foot cutters that we have are considerably newer than that. The 270's will add to that. The 210's are a newer class. The 327's will be phased out over a period. There will be a significant change, I think, that we could provide documentation on the average age of the ships.

We are beginning to receive now, in fact on February 28, the first midrange surveillance aircraft, began the delivery to the Coast Guard, and those will considerably enhance the capability. They are a different generation of aircraft and will provide a basis for much broader patrol coverage than we have had with the current aircraft.

The helicopters which are coming on line very shortly are a very much improved version of what is currently in service, and as you know, we have 90 of those helicopters that will be delivered to the Coast Guard and enhance and improve the capability.

I think these three major procurements offer us an improved capability. We are doing reprograming as to location of ships and coverage in the Caribbean, in line with Vice President Bush's commitment. The Commandant I am sure would be glad to talk about the specifics of the ships that can be there.

The CHAIRMAN. How many additional ships are you talking about, not just replacement, but how many additional ships?

Mr. TRENT. We are talking about a coverage increase I believe of about 30 percent; is that not correct?

Admiral HAYES. Actually, there will be no additional Coast Guard ships in the inventory, if that is your question, Mr. Chairman.

The CHAIRMAN. That is my question.

Admiral HAYES. We are simply redirecting our resources to a different mission area.

The CHAIRMAN. I understand that, but how are you going to redirect your resources to drugs and Haitians with the same number of ships and still carry out your other duties all over the coastlines of this country?

Admiral HAYES. Well, we will diminish certain of the functions that we have been performing, particularly in the fisheries arena.

The CHAIRMAN. And in search and rescue.

Admiral HAYES. To a lesser degree, Mr. Chairman, but to some extent, yes.

Mr. TRENT. Mr. Chairman, I signed documents yesterday and we are proceeding with procurement that can take place in a period of about 3 weeks that will add two new platforms to the Caribbean that can be used for drug interdiction. I think these SES-class ships will enable us to cover a much broader range because they have a top speed of more than 30 knots. Two of them, as I point out, if we continue with the procurement which the Secretary and I have every plan of doing, will put almost immediately an added capability in that area.

The CHAIRMAN. How are you going to build all these with a $19 million request this year for construction and acquisition?

Mr. TRENT. The cost of the ships that we are in the process of procuring I believe is $18 million of procurement, and that will come from funds that are a part of the current budget for fiscal year 1982.

The CHAIRMAN. You have a $684 million construction and acquisition appropriation for 1982. You are asking for $19 million this year. There is some disparity.

Mr. TRENT. As you know, Senator, the carryover funds that we have from fiscal year 1982 that are projected for fiscal year 1983 means that a considerably greater amount will be available for procurement——

The CHAIRMAN. Those are the carryover funds that were added in the Defense Appropriation bill by Senator Stevens, the $300 million?

Mr. TRENT. Yes.

The CHAIRMAN. Which Congress, in its judgment, decided needed to be added to the Coast Guard budget. What you are saying is that you really do not give a damn what Congress has done. You do not care that Congress thinks that $300 million should be spent for this. You are simply going to carry it over and count it as part of our budget this year. You will not spend it.

Mr. TRENT. Maybe I could call on Mr. Derman to comment on that specifically, Senator.

Mr. DERMAN. Mr. Chairman, you are right that the $300 million appropriated to the Department of Defense for transfer to the Coast Guard was a fiscal year 1982 appropriation action. In addition, with respect to the Department of Transportation's own appropriation, $384 million was also appropriated for A.C. & I. to the Coast Guard, the combined total of those two appropriations being the $684 million that you refer to. In addition, there was $83 million worth of carryover from 1981 A.C. & I. funds. So with respect

to the amount of obligational authority available to the Coast Guard, there was some $766 or $767 million available.

The administration, as you well recognize, did not request the $300 million that was appropriated in the DOD Act. Therefore, because of the budgetary constraints that the Department was facing, we put together an obligation program plan over a 2-year period of time, taking advantage of the carryover from fiscal year 1981 and the additional $300 million that was appropriated to DOD and transferred to us.

The obligation plan that the budget reflects is approximately a $405 million program in 1982 and a $358 million program in 1983. And the surface effect ships that the Secretary was just referring to are part of that. The procurement of those, as well as the procurement of other hardware assets, are part of that 2-year program plan, and the surface effect ships will be procured with the obligations available in 1982.

Mr. TRENT. I might also ask the Commandant to comment on that as it relates to Coast Guard planning.

The CHAIRMAN. Admiral?

Admiral HAYES. Well, as I think you know, Mr. Chairman, we are using a portion of that $300 million for the expansion of our drug interdiction operations in the Caribbean. And as the Secretary said, that will be three surface effect ships and the shore support that will go with that program. Approximately $20 million I think will be our investment in that expansion.

As far as the obligation plan that has been established for those funds made available, it is quite clear that it was necessary for us to use those funds to continue procurements that had already been committed by contract. And that of course is our plan.

The CHAIRMAN. Admiral, if the analogy can be used, you are a good soldier. And I know the position you are in in terms of defending this budget. I have also visited many of your stations and you know and I know that the budget is inadequate. People are living in absolutely filthy conditions, almost unsanitary conditions, working incredibly long hours, with morale that is declining through no fault of yours or the Coast Guard's.

That situation cannot continue. I am not even asking you to answer this question. Perhaps after you retire I will call you back here again.

Admiral HAYES. I have been fairly frank with this committee, Mr. Chairman, and I certainly have not changed in any way my view of the needs of the Coast Guard in the long term, as I testified before. And I think you well know that the situation we are in this fiscal year is one that is affecting all the agencies of Government. And I am not arguing that our funding level is adequate, not at all. I am simply suggesting that under the circumstances at any rate, we are trying to accommodate to it and take actions that at least will have minimal damage on our service.

Mr. TRENT. I might add, Mr. Chairman, that we are not here to say that more money could not be used by the Coast Guard, or for that matter, by other divisions of transportation or other parts of the Government. This is a difficult year from a budget point of view, and with those resources available, we think we have developed a plan which will enable the Coast Guard to carry out its mis-

sion. The added addition of $154 million enhances that. Some of the other capability and management practices that the Commandant has brought on line are also helpful.

And as for morale in the Coast Guard, I think at this stage in recent years it is at an all-time high. At least the enlistments in the Coast Guard—those that are serving in the Coast Guard are continuing to serve. There are fewer dropping out. I think from every indication Secretary Lewis and I have had, the Coast Guard is doing a good job and doing it with an extremely high morale.

The CHAIRMAN. Mr. Secretary, my time is up. I will close with this and go to Senator Gorton.

I would be more sympathetic to your position, and indeed last year I voted for some cuts that I had to grit my teeth and vote for cuts on, but now that the administration has adopted an attitude that the deficit does not matter, and we are no longer going to work toward a balanced budget, unfortunately, then I think the arguments that are made for holding down the spending here are no longer valid, especially in light of where we are dramatically increasing spending in other areas.

The glue that held us all together last year, liberals and the conservatives, was the desire to move toward a balanced budget. Now you look at the administration's projections, its projections, and you know where they are coming out in April now. They clearly are not moving toward a balanced budget and have no intention of moving toward a balanced budget. And in that case, different priorities are in order.

Senator Gorton?

Senator GORTON. Thank you, Mr. Chairman, for a most eloquent statement.

Admiral Hayes, twice during the course of your answers to questions to Senator Packwood, you spoke briefly of the shift in priorities and the shift in priorities is toward drug interdiction.

I would like you to tell me in some detail what you foresee as the impact that that shift in that direction and away from fisheries enforcement and pollution control will have on those two functions of the Coast Guard, and especially on those functions in the Pacific Northwest and in the Gulf of Alaska and the North Pacific.

Admiral HAYES. I think in responding to the question, Senator Gorton, one has to look at it in the context of the Atlantic and the Pacific areas. They are, as you well know, two entirely different problems for the Coast Guard with respect to our many missions.

On the Atlantic side, we have temporarily reduced fisheries patrols, and I would say temporarily because as I look at the future, I certainly do not see any diminution of our overall responsibility for fisheries. With the adjacency of our Canadian friends to the north, and as I think you and the chairman are aware, the conflict in the 200-mile fisheries conservation zone as between our two nations, certainly we will continue to have responsibilities in that arena.

But at least our perception, and certainly as a matter of policy of this administration, the drug interdiction problem has become so intense that it has become necessary, within our existing resources, to shift some of the larger ship resources particularly to the south, and try to counter that flow of drugs. So at least for the time being,

I see that as impacting upon the way in which we carry out our fisheries responsibilities.

To try to plug part of that void, we are using some of our 180-foot tenders to fill in the search and rescue responsibility and thereby release some of our other vessels to at least try to fill in some of the fisheries gap. So we are making a number of adjustments.

In the West, in the Pacific, the actions we are taking there are really less dramatic and less of a change. We have basically said in the Pacific that because there is so little drug trafficking going on comparatively, that that would be the lower priority function there, and we would be placing a greater emphasis on the fisheries enforcement in that part——

Senator GORTON. But still considerably less than is the case at the present time?

Admiral HAYES. If there is a change, it is very, very modest, Senator. As I recall, the number of days on patrol, the number of ship days being accorded the fisheries operation in the Pacific has not changed too much. There will be some slight reduction, yes.

Mr. TRENT. Senator, if I might just add to that, it is my understanding as well that as a part of the administration's proposal, we will be putting an observer on each of the foreign ships so that there will be a person that is actually watching the fishing activities of these foreign ships in U.S. waters. That observer will be from NOAA and the National Marine Fisheries Service.

In addition to that, there will be greater effort actually on the docks in watching the catches, to make sure that those do conform with the laws and rules that have been set forth.

So I think that we can look for enhanced enforcement on the part of NOAA in the Pacific fisheries together with a continuing commitment, almost at the current level by the Coast Guard.

Senator GORTON. Well interestingly enough, your budget request calls for decommissioning the cutter which has been stationed in Port Angeles, Wash., for something like the last 8 years, in spite of the fact that that city has spent $2 million to provide mooring facilities for it.

Do you plan to replace that cutter in that place in the foreseeable future?

Mr. TRENT. It is my understanding that we do. Admiral?

Admiral HAYES. We will replace that cutter. Whether the replacement vessel, Senator, will actually go to that location, I cannot tell you at this time. What we are doing with our new 270-foot class is clustering them about four to five in a group, in order to provide better maintenance and training support for that rather sophisticated ship.

So what vessel will end up in Port Angeles, I cannot tell you at this moment, but the replacement vessel, the 270-foot cutter that will be coming on line in the very near future, will not go directly there.

Senator GORTON. Where will it go?

Admiral HAYES. The first of the class will go to Portsmouth, Va. The first four will go to Portsmouth, Va., where we already have established the support base and the training facilities.

Senator GORTON. But you can hardly keep up the same kinds of operations in the Pacific Northwest if you remove a vessel from there and cluster its successor in Portsmouth, can you?

Admiral HAYES. Well, its ultimate replacement vessel will go to the west coast, Senator. It just will not do so in a timely fashion. That is why I said there will be some reduction in capability in an interim period until the replacement——

Senator GORTON. What kind of timeframe are we talking about for that?

Admiral HAYES. Probably about 4 or 5 years, Senator.

Senator GORTON. That is rather cold comfort, Admiral.

Is it not true, Mr. Trent, that your observer program is not on every ship but maybe on half of the ships?

Mr. TRENT. My understanding was that the program was planned to have coverage for every ship. Maybe I could turn to Mr. Derman on that.

Mr. DERMAN. It is my understanding that there would be a 75-percent increase in dockside observers. There is apparently a pending supplemental appropriation before the Congress now of $3.25 million associated with the National Marine Fisheries Service.

Senator GORTON. So it would be dependent on that supplemental?

Mr. DERMAN. Yes, sir. That is my understanding.

Senator GORTON. One final question in this respect on fisheries enforcement. Last fall I suggested an alternative means of reducing Coast Guard inspection and patrol requirements and their cost by means of a check-out system for foreign vessels under which they would be required to inform the Fisheries Service of their expected departure dates, and then a random selection of those vessels required to check into designated ports for hold inspection.

A significant number of domestic fishing groups have recommended that system, and I would like to know whether the Coast Guard is considering implementing it.

Mr. TRENT. I would have to ask Admiral Hayes to comment on that.

Admiral HAYES. You are catching me absolutely cold, Senator Gorton.

Senator GORTON. Could you get us an answer to that question? It might help in connection with some of these problems you have already described.

Admiral HAYES. We will get that for the record.

Senator GORTON. I see my red light is on. Thank you very much.

[The following information was subsequently received for the record:]

Your proposal has been considered. While dockside inspections prior to vessels being allowed to fish or prior to departing have not been generally adopted, the methodology is in place in the Atlantic and Pacific billfish and shark fisheries. The system has not been adopted in Alaska due to the vast distances from the fishing grounds a vessel would have to travel and the severe lack of port facilities. However, recently published regulations require vessels entering the Alaska fisheries conservation zone to report any catch onboard which was caught outside the U.S. zone and permit an inspection from a cutter prior to fishing. Whether the checkin/checkout inspection concept is expanded any further is up to the Regional Fishery Management Councils.

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The CHAIRMAN. I see that Senator Chafee has come in. John, do you have a statement you would like to make?

STATEMENT OF HON. JOHN H. CHAFEE, U.S. SENATOR FROM RHODE ISLAND

Senator CHAFEE. Thank you very much, Mr. Chairman. First I want to take this opportunity to thank you for your thoughtful invitation to me to attend this hearing on the Coast Guard appropriations.

I am here today because I am concerned about the state of the Coast Guard and its ability to perform its duties, given the funds under consideration. As a representative from Rhode Island, I am especially concerned about the effects the budget will have on those people who depend on the sea for their livelihood. I am talking of course about fishermen, and also we have a large number of recreational yachtsmen.

The Coast Guard is an important ingredient, of course, of our national defense in a time of emergencies, and I just want to make certain to the best of my ability that the Coast Guard will be able to respond to national emergency requests under the funding that is provided.

Mr. Chairman, I certainly hope these hearings will address these problems and I hope that I am wrong that as I see it, the Coast Guard budget for the year as submitted seems to me to be inadequate, and obviously I will be listening carefully to the testimony.

Thank you again.

The CHAIRMAN. Senator Chafee, do you have any questions for the witnesses?

Senator CHAFEE. Thank you, Mr. Chairman.

Admiral, the 270-foot cutter you are referring to is the one that Mr. Derector is building?

Admiral HAYES. Yes; four are being built in Tacoma. They are the first four of the class and are almost completed, Senator. The follow-on nine are the ones that are being built by Mr. Derecktor in the State of Rhode Island.

Senator CHAFEE. The reason I asked was I think those are going to be excellent vessels and I think you are going to get them in time, but even under the schedule that you have projected, they are not to come on line for some time to come.

I do not know about the west coast ones, but it seems to me to base Mr. Trent's testimony here on the fact that new cutters in the inventory will help you patrol a greater area, it may be true, but in fiscal year 1983 I doubt if you are going to have many of these in your inventory; are you?

Mr. TRENT. My understanding is in fiscal year 1983 we have four that will be delivered.

Admiral HAYES. They will be ready for service by fiscal year 1984.

Senator CHAFEE. By 1984. So there is not going to be any significant contribution to the 1983 effort through these cutters; am I correct?

Mr. TRENT. Actually, during 1983, we will have two of them in operation or beginning to be phased into operation. But no, the main part of the contribution will be to the end of 1983.

Senator CHAFEE. That is right. The problem I have is the problem I think the other members reflect. The Coast Guard is being given major tasking, major new tasking. This whole drug effort and the accelerated steps you are taking there, plus the immigration patrolling, places on you a very substantial burden in addition to your regular burdens which have extended you to a considerable degree, the 200-mile limit and all that went with it.

I have great difficulty understanding how you are going to accomplish it, and I think, as my statistics show, and I am prepared to be corrected if I am wrong, that you are going to reduce your fisheries inspections by 60 percent. Is that accurate?

Admiral HAYES. I would have to go back and check the figures, Senator, but it will be a fairly substantial decrease, certainly in the Atlantic.

Senator CHAFEE. Yet my statistics show that for every 1.1 boardings you find one violation. I do not consider these to be frivolous violations, either. So the fact that you are reducing your activities in the fisheries area, particularly in the Atlantic, as you point out, by 60 percent, you are not going to be able to do your job.

Mr. TRENT. The figures that I have, Senator, indicate that only about 20 percent of our boardings report some violations, that in the last year for which data is available, U.S. Coast Guard boarded 42 foreign vessels, finding only three significant violations, and no seizures were made, which is procedure for a major violation.

During the same time, 740 domestic vessels were boarded with only one major violation found.

[The following information was subsequently received for the record:]

Preliminary data indicate in calendar year 1981 of the 420 foreign fishing vessels boarded, 115 or an average of 31 percent of these were found to be in violation of the regulations. Eighteen foreign vessels were seized for gross conservation related violations. This compares with a 27 percent foreign violation rate and 16 seizures in 1980. Of the 1,267 domestic fishing vessels boarded in 1981, 82, or an average of 6 percent were found to be in violation. This rate is unchanged from 1980.

Senator CHAFEE. Well, obviously your statistics vary and I will work out later with you whatever discrepancy we might have.

Second, about user fees, there is no testimony in here about user fees and the suggestion by the administration is being made for user fees. Could you briefly address that in the time I have?

Mr. TRENT. Yes, with the user fee proposal, we will be sending within the next couple of weeks to the Senate a proposal for a user fee program. As you know, the revisions that have taken place in the last year have been significant.

Senator CHAFEE. The what?

Mr. TRENT. The revisions that have taken place in the last year since our original proposal have been significant.

Senator CHAFEE. The revisions in what? The plan?

Mr. TRENT. In the plan and those services that would be required to pay their own way. I think we are offering a balanced program that gives us an opportunity to recover from those services that should be directly charged to user groups.

The current program is under final clearance at OMB and as soon as that is complete, we will be sending it up.

Senator CHAFEE. Well, I think there is a lot of merit in the user fee proposal, particularly for large recreational yachts that I see steaming up the inland waterway and bridge after bridge opening for them at apparently no charge to the user.

Now under the proposal, I take it that those would not be segregated funds, though, for the Coast Guard. They would go into the general treasury, would they not?

Mr. TRENT. The funds would go into the general treasury.

Mr. DERMAN. Proprietary receipts, offsets to the Department of Transportation's overall outlays, yes, sir. It goes into the general fund.

Senator CHAFEE. Well, is it earmarked for the Coast Guard? I am not espousing that. I think earmarked funds are bad budgetary policy, but these would not be earmarked, would they?

Mr. TRENT. They would not be earmarked, Senator. There would, however, be a much stronger position for the Department of Transportation and the Coast Guard in having higher budgets if we could show that many of the services we perform free now were paying their own way.

Senator CHAFEE. Fine. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Secretary, the $300 million appropriated in the defense budget for the Coast Guard was known last year. So I am curious. Knowing that that $300 million figure was there, the Coast Guard request to the Department of Transportation for acquisition and construction was $670 million. The Department of Transportation's request to the Office of Management and Budget was $396 million for the same category.

What was it you cut out that the Coast Guard had requested?

Mr. TRENT. Maybe I could ask Mr. Derman to comment on that.

Mr. DERMAN. Mr. Chairman, I do not believe it was a question of what was cut out. If you are referring to the difference between the Coast Guard request to the Office of the Secretary and subsequent——

The CHAIRMAN. Yes, roughly——

Mr. DERMAN [continuing]. Between the request that went to OMB and the final Presidential budget that was submitted to the Congress?

The CHAIRMAN. The first I am asking about is the Coast Guard request to the Department of Transportation. DOT has reduced it about $270 million.

Mr. DERMAN. From the $670 to the $396 they referred to?

The CHAIRMAN. Yes.

Mr. DERMAN. Well, the Coast Guard of course submits its proposed budget request to the Department, just like all the other operating administrations do, and within the confined totals that the Department has to operate under, we make certain alternative choices between administrations.

The admiral just handed me, if I could provide for the record, a listing of those things that were cut out. I do not have them off——

The CHAIRMAN. Why do you not read them now?

Mr. DERMAN. OK, if I can interpret the columns here. Coast Guard submitted to the Office of the Secretary what turns out to

be two levels: a B level budget and a C level budget. Let me take the C level budget.

The submission to OMB and the submission to OSD from the Coast Guard were exactly the same.

If you take their B level budget request to us, it looks to me like there was approximately $60 million difference.

The CHAIRMAN. What is their C level budget? Their B level is $670, is it not?

Mr. DERMAN. Right on the button.

The CHAIRMAN. And what is their C level?

Mr. DERMAN. Their C level was $417 million. That is the comparable number with $670. And the Department request to OMB was $396.3.

The CHAIRMAN. What I want to know is what the Department cut out of the Coast Guard request.

Mr. DERMAN. It looks to me like some long-range search aircraft capability, some short-range recovery infrared sensors, some renovation, and reengineering of STORIS, a buoy tender replacement——

The CHAIRMAN. A what?

Mr. DERMAN. A 55-foot buoy tender ANB replacement. An icebreaking tug replacement, a WTGB. I would be glad to supply this list for the record, sir.

The CHAIRMAN. No, I would just as soon have you keep reading them.

Mr. DERMAN. All right. That is vessels, aircraft. In shore facilities and aids to navigation, it looks to me like there was some reduction in enlisted student quarters at the training center, construction of a general classroom building, and some reserve training center, senior student berthing, student officer and chief petty officer quarters, some solid state transmitters, site preparation, reserve training center, construction of a damage control lab and classroom.

The CHAIRMAN. You have cut out quite a few things from their request.

Mr. DERMAN. It is a long list, sir, yes.

The CHAIRMAN. Yes, I have the same list. It is a long list of Coast Guard requests and then OMB cuts. But let us go further. The Department of Transportation request to OMB was for $396 million.

Mr. DERMAN. That is correct.

The CHAIRMAN. OMB's request for acquisition and construction is $19 million. Now what did you cut out from the Department of Transportation's request? Damned near everything!

Mr. DERMAN. You mean in terms of the final President's budget request to the Congress? The difference between the $396 and the $19?

The CHAIRMAN. Yes. That is a significant difference.

Mr. DERMAN. Yes, it is, and it is again, I go back to it being the distinction between the request for new budget authority and the amount of available obligations.

The CHAIRMAN. That is not even a responsive answer. You are not writing off the difference between $396 and $19 million as the difference between obligation authority and what?

Mr. DERMAN. And the request for new budget authority. The $19 million is the administration's request for new budget authority for A.C. & I.

The CHAIRMAN. But so is the $396 request from the Department of Transportation. And so is the $670 million B budget request from the Coast Guard.

Mr. DERMAN. Mr. Chairman, I think what has to be taken into consideration is that the appropriation of the $300 million to DOD did not take place until toward the end of——

The CHAIRMAN. But that was known to the Department of Transportation when they made their request to OMB for the $396 million. It is very clear that it was because the final appropriation, even if you go back—let us go back to 1982. The authorization was $537 million, and this was before the $300 million; is that not correct?

Mr. DERMAN. I believe so, yes.

The CHAIRMAN. All right, so that was your authorization in 1982. So the $300 million was known at the time that the Department of Transportation asked for, if you want to call it an additional in that case, an additional $396 million.

Mr. DERMAN. Well, $396 million was submitted to the Office of Management and Budget along with the Department's budget request I believe on October 15. The $300 million appropriation to DOD was not actually known until the end of December, almost the end of the first quarter of fiscal year 1982. It was at that point in time that OMB in its review of the total overall request, and in dialogue with the Department, put together this 2-year program plan, taking advantage of the $300 million.

The CHAIRMAN. Let me ask you this, then, as a last question. Let us give you credit for the $300 million, and what was your other figure? A $91 million carryover from 1981?

Mr. DERMAN. About $83 million.

The CHAIRMAN. And the $19 million request. You have roughly $400 million in requested authorization, if you count the carryover.

Mr. DERMAN. But we also have, in terms of new authorization?

The CHAIRMAN. Yes.

Mr. DERMAN. We also have the $384 million that was appropriated to DOT for A.C. & I. in 1982.

The CHAIRMAN. But that is the part you are carrying over. I mean, that is where you are getting your $300 million. That was supposed to have been spent last year. You did not spend it, although you have never asked for a rescission, but that is where you are getting your carryover in order to justify knocking your figure down to $19 million. You cannot count it twice.

Mr. DERMAN. We have made the $684 million 1982 appropriation, both a combination of DOT and DOD, available and apportioned for obligation. It is a question of whether or not it all could be obligated in 1982. And our best estimate, and at the time the Coast Guard's best estimate, is that approximately $405 million could be obligated in 1982. The balance would be in 1983 and 1984.

The CHAIRMAN. My time is up. This budget was put together by a sideshow magician shifting shells around and I am sorry, but there are not that many shells. You cannot hide it that easily.

What you are asking for is a reduction in capital expenditures for the Coast Guard, a minimal at best barebones increase for operation and maintenance, and that is just bare, and you are I think deep down, hoping and praying somehow that some Coast Guard functions can be transferred out to independent private contractors. It is a decision that has not been made in the administration yet but I know those studies are going on.

The effort to defend what you have done is pitiful, almost laughable, but I think I can assure you that Congress simply is not going to go along with it.

Senator Gorton?

Senator GORTON. No further questions.

The CHAIRMAN. Senator Chafee?

Senator CHAFEE. No; thank you, Mr. Chairman.

The CHAIRMAN. Thank you for sitting in. We appreciate it.

Gentlemen, thank you.

Wait. I want to ask Admiral Hayes a question because this may be the last chance I ever get to ask him. He is going off to Alaska when he retires.

How long have you been in the Coast Guard, Admiral?

Admiral HAYES. Thirty-six years, Mr. Chairman, plus 3 years under training.

The CHAIRMAN. Not even limiting yourself to a relatively short answer, I would just kind of like to have your thoughts, retrospect, present and future, as to the Coast Guard and what you anticipate for its future, as you see it now leaving your position.

Admiral HAYES. It seems to me that looking at the rather complex year that we have just gone through, that indeed the Coast Guard has been studied from just about every angle that it could be studied. We have had our executive branch side, our roles and missions study going on. That is completed now for all intents and purposes, and certainly I think it reenforces the assignment of functions to the Coast Guard, broadly speaking.

The study done by Congressional Research Services, which your committee and Congressman Don Young from the Subcommittee on Coast Guard and Navigation jointly requested has been completed. And of course finally, the series of hearings that were held by our subcommittee on the House side, culminating in the report entitled "Semi-Paratus," likewise looked at the Coast Guard in considerable detail.

As I view those three studies, it seems to me they pretty well confirm several things. One, that we will continue to be a seagoing organization, one based and founded in the maritime arena; that our traditional law enforcement role at sea will continue to be a very significant one, as long as I can view the future; that our underlying philosophy associated with concern over the safety of life and property at sea will continue to be a foundation of our organization and probably the very satisfying ideological base for our people who are the professionals that carry out these functions.

And finally, I think I see continuing into the future that very complementary relationship that exists between those functions that provide our seagoing or our maritime expertise, and those functions which require it, which are more commonly called the regulatory functions. There are those who would strip the Coast

Guard of the regulatory functions because we have too much to do. I do not think that is the case. I think adequate support of the Coast Guard will see our organization in a more sophisticated way being able to handle these complementary functions well in that future.

Trends: I see some exciting things going on really, if one can step back from the rather difficult budget times we are going through at the present moment.

First, most certainly, tremendous development is occurring offshore. We are seeing a new concern by the nations of the world, our own not alone of course, in that 200-mile zone that lies off the littoral nations and island nations. I cannot imagine that that will not continue to place strong responsibilities on the Coast Guard.

The second trend that I see is one of a very proper shift of some of our regulatory enforcement actions to the private sector, to classification societies, with continued Coast Guard supervision. And I think that is an exciting approach and one that makes a great deal of sense to me. A variety of changes are taking place on the regulatory side of things.

I see the young men and women of this country as continuing to be a product of which we can be very proud, and as being young men and women who will provide a strong professional base for the future.

So I guess as I look at the long term, and my friends accuse me of being an optimist, I am optimistic. I think, though, it is time that we stop studying and get on with the business at hand, and certainly I will make every effort with my colleagues in the Department and likewise hopefully even in the Office of Management and Budget to pursue that course of action.

Thank you, sir.

The CHAIRMAN. Admiral, studies are an excuse for inaction. The Coast Guard has not been studied as much as the social security system, but the last thing we need in social security is one more study. There are no more new facts. We know how many people were born in 1965 and 1955 and 1945 and how many on the average are going to die and how many are going to live to 70, and I think studies are designed to give 1 more year of grace.

Let me ask you one more question. You have been very good about saying the budget constraints are such that you realize everybody has to live with them. The Coast Guard is given increased activities year by year to enforce. In your judgment, is the request from the administration sufficient for the Coast Guard to well carry out all of the functions that we impose upon it?

Admiral HAYES. No, sir.

The CHAIRMAN. Thank you. No other questions. Gentlemen, thank you very much.

[The statement follows:]

STATEMENT OF DARRELL M. TRENT, DEPUTY SECRETARY, DEPARTMENT OF TRANSPORTATION

Mr. Chairman and Members of the Committee, I am here this morning with the Commandant of the Coast Guard Admiral John B. Hayes. I welcome this opportunity to respond to your invitation, Mr. Chairman, and meet with you again on Coast Guard matters.

We appreciate the interest you and Members of this Committee have shown in the Coast Guard and the attention you have given to Coast Guard's problems. I am confident that all of us who recognize the contributions that this service has made and continues to make to our Nation, can work together for the continuation of this fine tradition.

The Coast Guard's FY 1983 authorization request, which we present to you today, is calculated to fund Coast Guard needs whie providing for the prudent use of our tax dollars. Our plans are designed to permit the Coast Guard to discharge its many and important responsibilities.

OPERATING EXPENSES

The Coast Guard's FY 1983 operating expense budget request of $1.51 billion provides an increase of $154 million above the FY 1982 levels which the Congress has appropriated. Affecting the FY 1983 request is reimbursement to Coast Guard by DOD, NSF and MARAD for ice breaking services by Coast Guard for their programs. Approximately $27 million in FY 1983 budget requests for the Department of Defense, the National Science Foundation, and the Maritime Administration will be transferred to the Coast Guard operating expenses account for this purpose. Also included in the 1983 amount is $36 million for medical care costs of Coast Guard active duty personnel and their dependents due to the transfer of this function from the Public Health Service.

ACQUISITION, CONSTRUCTION AND IMPROVEMENT

The AC&I request for FY 1983 has received considerable attention. The amount requested takes into consideration the $766 million made available in FY 1982 appropriations and carry over from FY 81.

Let me say at this point that the program estimates we have made concerning the rate of obligation of funds that have been made available in FY 1982 reflects our best judgment of prudent management practices. The $300 million in DOD funds was not appropriated until very late in the first quarter of FY 1982. But we have been able to accommodate that dramatic doubling of requested funding by instituting a program which responsibly obligates funds.

In FY 1983, the Coast Guard is requesting an additional $19 million for survey and design activities and for purdent administration of these funds. The Coast Guard estimates that this combined total of $785 will be obligated within two years: $405 million in the current Fiscal Year and $358 million in FY 1983. There will be a carry over into FY 84, as would be expected since this type of procurement often extends over a number of years. The projected carry over will be less than $25 million.

Our capital plans call for the continuation of the multi-year procurement of the medium range surveillance aircraft, a new helicopter, and the 270 foot medium endurance cutter. These major additions to the Coast Guard inventory will provide a new 270 foot class of major cutter with a state of the art technology; much faster and more reliable helicopters, able to operate off both the new current cutters, and replace the outmoded single engine helicopters at our air stations. In addition the new jet aircraft with their greater speed will replace the obsolete propeller aircraft and vastly improve response for search and rescue and law enforcement calls. New procurements include high performance surface craft to be used for law enforcement, particularly for drug interdiction. We hope to have the first of this new class of high speed cutter in the inventory within a few months. In addition to acquiring new vessels, we are continuing to fund from the AC&I account mid-life overhaul programs which keep older vessels in better shape and result in increased capabilities. We plan to start the mid-life overhauls of the 210 foot cutters and fund a prototype overhaul of a 378 foot cutter.

In addition, the operational capability of the Coast Guard will also be increased by the purchase of 25 foot rigid hull inflatable boats to substitute for the cumbersome 26 foot motor surf boats presently in use on most Coast Guard cutters. Funds are also planned for improvement of aids-to-navigation and shore facilities.

The new 270 foot cutters will contribute importantly to the readiness and performance of the fleet while helping control the average age of vessels. Also, mid-life rehabilitation of cutters has a significant effect on the useful life of the vessel and vessel age alone is probably not an adequate measure of the fleet condition.

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OTHER PROVISIONS

The Coast Guard research and development request totals $15 million, which will enable continuation of the more important projects which have been started in previous years.

The Coast Guard has determined that bridge alteration is of lower priority than other programs, and we have not requested additional funding. The funding made available in 1982 will permit Coast Guard to complete alterations and engineering studies which are underway.

There are other provisions in our authorization proposal with Admiral Hayes can discuss in detail, if you wish, dealing with enlistments, rank retention, and enabling legislation to effect the transfer of medical care.

This concludes my opening statement, and I will be happy to answer any questions which you may have.

[The following information was subsequently received for the record:]

QUESTIONS FROM THE MINORITY AND THE ANSWERS OF DEPUTY SECRETARY TRENT

Question. In his written response to a question by the Senate Appropriations Committee on February 26, Secretary Lewis indicated that the Coast Guard estimates it will need about $192 million in fiscal year 1982 supplemental appropriations in order to restore operations to 1981 levels. However, he noted that this requirement has been reduced to about $124 million "through streamlining of operations, management efficiencies, and internal reprograming actions." This is a projection of $68 million in efficiency savings.

Please explain specifically:

(a) what you will do to streamline operations and how much of the $68 million shortage you will save,

(b) what management efficiencies you intend to achieve and how much money this will save, and

(c) which programs will lose funding as a result of internal reprogramming and what reductions will occur in those programs as a result.

Answer. It is our belief that Coast Guard, with the level of supplemental funds noted in the question, together with the actions described below, can operate at the fiscal year 1981 level with no diminution of service. In fact, the Coast Guard has already operated for six months this year while spending at a rate substantially below that now proposed. The Secretary's response to that question accurately reported a preliminary Coast Guard estimate of a total shortfall in fiscal year 1982 Operating Expenses of $192 million. However, the level to which Coast Guard was seeking restoration was the level proposed in the fiscal year 1982 budget, which included a $34 million increase over the 1981 level adjusted for cost increases to expand or improve various operational, administrative, and maintenance programs.

The $68 million difference between the Coast Guard's preliminary funding estimate and the currently supported supplemental, which I do not categorize as a shortage, can be reconciled by a variety of actions and re-estimates.

	Millions
Streamlining of operations	$12
Management efficiencies	19
"Internal reprogramming" actions	37
Total	68

A description of each category follows:

STREAMLINING OPERATIONS

Approximately $12 million is associated with programmatic reductions of lower Coast Guard priority which the Coast Guard and the Deparatment believe will not impact adversely on essential Coast Guard services. The following is a list of those actions:

Reduce *Mackinaw.*
Reduce Aids to Navigation Teams.
Close Marianas Section.
Reduce Training.
Decommission *Campbell.*
Retire 3 C–130's
Decommission *Walnut* and *Hollyhock.*

Reduce Support Personnel.

MANAGEMENT EFFICIENCIES

Another $19 million is associated with management efficiencies which, as the Commandant has testified, would have been implemented in the near future by Coast Guard, regardless of budgetary constraints. The following is a list of those actions.

Reduce Human Relations Counselors.
Reduce Academy staffing and cadets.
Reduce VCS/PES programs by using 3rd parties.
Close Oceanographic Unit.
Reduce RBS Program and rely on states and boating groups.
Reduce Safety/Inspection Staff.
Reduce Public Affairs Support.
Reduce Recruiting due to high retention rates.
Close TRACEN Alameda due to high retention rates.
Close VTS's due to low accident rate and role of 3rd parties.

INTERNAL REPROGRAMMING ACTIONS

This is a broad category which encompasses two basic elements: (1) correction of overestimates and (2) absorptions, primarily by deferring implementation of a large portion of the $34 million improved funding levels (other than price increases) included in the fiscal year 1982 budget. Included in the first element is a reestimate of military pay costs of approximately $6 million less than originally estimated; reexamination of the previously announced shortfall in civilian pay which precipitated a threatened furlough; reestimate of operating costs of new aircraft because operating hours were projected above actual current expectations, and current shortfalls in fuel prices and sea pay which are lower than Coast Guard contemplated in their $192 million computation. These account for about half the "reprogramming" actions and the remainder can be absorbed by half-year deferral of the more or less discretionary increases provided in the fiscal year 1982 appropriation act.

Question. Our information indicates that $99 million will be required for the pay raise portion of the supplemental, consisting of $89 million for active duty Coast Guard military personnel, $5.5 million for reserve training, and $4.5 million for civilian employees. Secretary Lewis' recent written reply to a question from the Senate Appropriations Committee states that DOT is considering pay raise supplementals of $78.1 million for the active duty military and civilian pay raise and $1.5 million for reserve training. Does this mean that you plan to propose internal reprogrammings to account for the $20 million shortfall?

Answer. Coast Guard has reestimated its pay raise needs for Operating Expenses to be approximately $6 million less than their original request.

Funding for Reserve Training is a "level-of-effort" decision based on priorities and discretionary decisions on appropriate training levels. Total program costs are a mix of numbers of personnel programmed in the Selected Reserve and the days of drill or active duty training which are considered appropriate in view of the existing capability of the Reserve Corps and the continuing training needed to maintain currency in their mobilization duties. The $1.5 million supplemental proposed for 1982 will permit the Coast Guard to fund Reserve Training at a constant rate over fiscal year 1982/83 of slightly more than $50 million, which we think will provide a satisfactory level of training for the Selected Reserve.

The remaining $10 million will be made up by slippages in recruiting and training plans due to very high reenlistment rates and by deferring some of the discretionary increases in the fiscal year 1982 Appropriations Act described in response to the previous question.

Question. In a written response to the Senate Appropriations Committee Secretary Lewis stated that during this fiscal year the Coast Guard "has been operating effectively (although with some self-imposed, austerity measures)." In this reference to self-imposed austerity measures, isn't the Secretary talking about such things as deferring the payment of bills that are due, depleting spare parts inventories, deferring maintenance, and not operating ships and aircraft. If not, in view of shortfalls in operating expense funding, what new ways has the Coast Guard devised to be more efficient and how much money is saved by each of these new ways?

Answer. The Secretary was describing Coast Guard activity during the first five months of the current fiscal year. For the first three months of this period Coast Guard operated under continuing resolutions. Good management dictated conservative use of resources, pending final Congressional appropriation action. Coast

Guard has traditionally accomplished this by delaying restocking of inventories, deferral of non-emergency maintenance, and, when necessary, reduced operation of ships and aircraft. Under like circumstances other operating agencies typically take similar actions. Subsequent to enactment of its fiscal year 1982 appropriations, Coast Guard continued for some time to operate conservatively while they and the Department reassessed the actions to be taken to operate within the Congressional allowances. This reassessment has been essentially completed, and Coast Guard is now operating at higher levels. At no time, however, were essential operations significantly affected, nor was payment deferred on bills that came due.

Question. Budget information submitted by the Administration along with its fiscal year 1981 and 1982 budget estimates for the Coast Guard tell the following tale of declining operations from actual levels in 1980 to projected levels in 1983:

30 percent reduction in cutter hours for general law enforcement.

42 percent reduction in cutter hours for fishery law enforcement.

45 percent reduction in aircraft flight hours for general law enforcement.

37 percent reduction in aircraft flight hours for fishery law enforcement.

How can this projected pattern be reconciled with the Administration's rhetorical emphasis on law enforcement, including Vice President Bush's recent speeches on drug law enforcement?

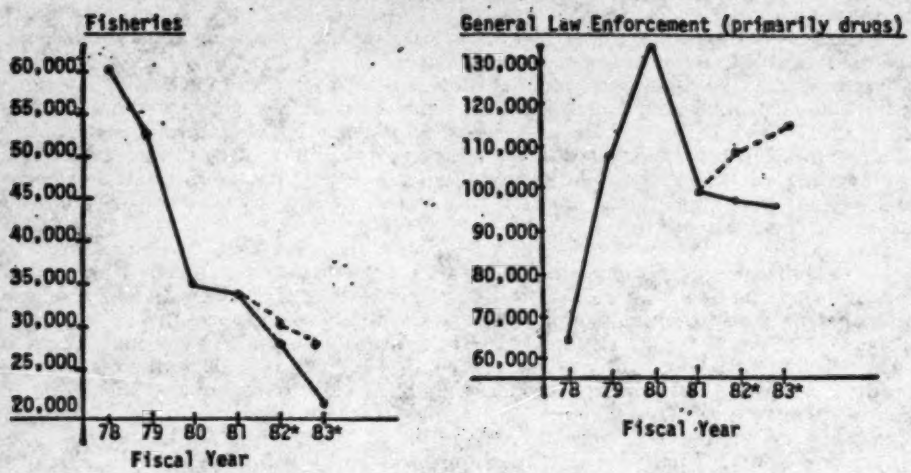
Answer. The pattern of Coast Guard operations referred to in the question has been marked by shifting emphases from the more traditional fishery patrols to much greater activity in the Caribbean enforcing drug and illegal alien laws. The percentages quoted in the question's prologue completely overlooking the fact that in 1980 the Coast Guard was tasked with patrolling the sea lanes traveled by Cuban refugees as well as drug smugglers, to a level that was truly extraordinary in terms of operational requirements and historic trends.

The graphs in Exhibit 1 can be used to illustrate the same percentages referred to in the question but based on projected restorations. However, the perspective gained by including fiscal year 1978 and 1979 in the trend lines tells another tale. It then becomes apparent that the trend of reduced cutter hours in fisheries patrol is balanced by increased general law enforcement hours—a direct response to the increase in illegal drug smuggling. A peak is reached which correlates directly (and solely) with the Cuban migrations of 1980.

Aircraft flight hours have shifted in somewhat the same manner as more emphasis has been applied to controlling drugs and aliens and less to fisheries. While fisheries cutter hours have declined since 1978, general law enforcement hours have risen. The projected net gain in aircraft flight hours since 1978 is 1300, or about 500 missions in the new, more efficient, HU-25A Falcon jet. These trends indicate the Administration's dedication to enhanced law enforcement by the Coast Guard.

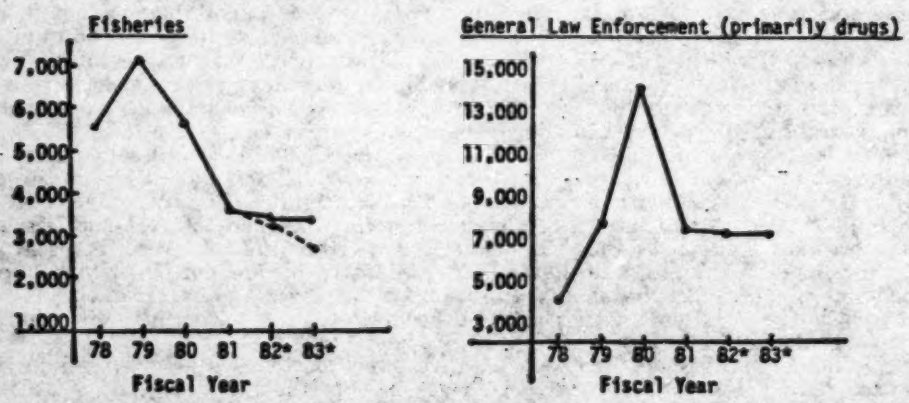
Two additional facts should be noted. The large reductions in budgeted cutter and aircraft flight hours occurred under the previous Administration. The largest drop in cutter hours occurred in 1980, some 33 percent. The largest reduction in aircraft flight hours occurred between 1980 and 1981 (−34 percent and −46 percent in fisheries and general law enforcement, respectively). Second, the move from fisheries to general law enforcement hours will be matched by an enhanced on-board observer and dockside boarding program sponsored by NOAA, the legislation for which is currently before the Congress.

COAST GUARD RESOURCES DEVOTED TO LAW ENFORCEMENT
(ACTUAL AND PROJECTED)
CUTTER OPERATING HOURS



(dashed line projects restorations)

AIRCRAFT FLIGHT HOURS



*Projected

Question. We understand that at House hearings on March 24, you testified that DOT is considering revising its military personnel proposal by reinstating some 2,100 positions. If this is the case, is OMB involved in your discussion and when do you plan to submit your revised recommendation?

Answer. Revision of Coast Guard military staffing, consistent with proposed restoration of selected reductions from among those actions initially considered, is under review. OMB is involved in our discussions, and recommendations should be developed during May.

Question. The Administration's proposed military personnel ceiling for the Coast Guard is 36,922—a cut of almost 3,000 personnel from the 39,904 it recommended in the fiscal year 1982 request. In view of authorative studies that inadequate personnel strength is contributing to frequent 80–100 hour workweeks for Coast Guardsmen, what is the national justification for this propsosed cut?

Answer. As indicated in response to the previous question, a substantial upward adjustment in the fiscal year 1982 and fiscal year 1983 military personnel staffing levels is under consideration. It should be noted that any reductions in staffing are consistent with lower priority programmatic reductions, as well as actions to im-

prove the internal organization and management of the Coast Guard and to reduce the burden of government on the private sector. As such, these will specifically avoid any increase in the number of weekly hours on duty by Coast Guard personnel.

While it is both true and laudable that on operational missions Coast Guardsmen are frequently actively engaged well in excess of the normal workday, the long workweeks routinely ascribed to operational personnel results in large measures from counting all on-duty hours, including time spent in a standby status. This situation is inherent in the nature of military employment and is comparable to duty hours worked in the civilian sector by firemen and similar occupations. In addition the average workweek of the large numbers of military managerial, administrative and support personnel in the Coast Guard varies little from that of their counterparts in the civilian sector.

Question. In Secretary Lewis' recent written response to a question from the Senate Appropriations Committee, he stated, "We believe, and the Commandant concurs, that the Coast Guard's capital plant request for fiscal year 1982 is a reasonable one which represents a commitment to Coast Guard's highest priorities, the replacement of Coast Guard's aging vessel and aircraft fleets." As you may know, in past years when he forcefully advocated capital budgets of $700 million a year for the next ten years. Why has he suddenly changed his tune to support only $19 million in fiscal year 1983?

In addition, we note that your three-level list of budget requests shows that Coast Guard asked for $670 million in capital expenses and the DOT request to OMB was $396 million. Now you say $19 million represents a "commitment" to capital plant revitalization. What's the explanation?

Answer. In responding to your first question, the staff response in the appropriations record, which was not a statement by the Secretary, is subject to misinterpretation, the Commandant remains a strong advocate of higher capital funding levels. With regard to the second question, we note that a total of $776 million is available for obligation in the AC&I account for fiscal year 1982: $384 million from the DOT Appropriations Bill, $300 million from the DOD Appropriations Bill, and $82 million from fiscal year 1981 carryover. This sum is nearly double amounts provided in previous years. It will be difficult to competely obligate this large increase in funding in fiscal year 1982 since funds were not available until after the first quarter and plans for obligation were not initiated in advance of appropriations as would normally be the case when a set funding level can be anticipated.

As a result, even with maximum utilization of the $766 million in fiscal year 1982, sufficient funds will be carried over into fiscal year 1983 to allow execution of a typical AC&I program with obligations of about $358 million. The $19 million fiscal year 1983 AC&I request provides Administration, Engineering Logistics, and Design Support for the planned fiscal year 1983 program and by itself does not represent a "commitment" to Capital Plan Revitalization. Rather, this amount plus planned obligations of $358 million in fiscal year 1983 allows a program of $377 million and in context of the President's goal of reduced Federal spending does contribute significantly to Capital Plant Revitalization.

The Roles and Missions Study concluded that the Coast Guard program standards should not be used as an automatic means for estimating capital resource needs. The study also concluded that the Office of the Secretary and OMB should be more closely involved in Coast Guard capital investment planning. We intend to conduct a full review of the Coast Guard's capital needs so that resources can be planned in a multi-year context.

Question. In your prepared testimony to the House Merchant Marine Committee on March 24, you pointed out that new Falcon jet aircraft will "replace the obsolete propeller aircraft and *vastly improve* response for search and rescue and law enforcement calls" (emphasis added). Nevertheless, you have announced plans to mothball the last 18 of the 41 Falcons as soon as they are delivered in fiscal year 1983.

Is it true that you do not plan to operate these brand new aircraft in fiscal year 1983? If so, how do you reconcile such a decision with your testimony that the Falcons will "vastly improve" response for search and rescue and law enforcement?

Answer. Coast Guard estimates that the capability of the new aircraft, measured in speed, distances that can be covered and other relevent specifications represents a significant increase in the quality of surveillance of the aircraft being replaced. Coast Guard's most recent schedule calls for acceptance of 36 HU-25A aircraft by the end of fiscal year 1983, with the remaining five to be accepted by January 1984. The fiscal year 1983 Coast Guard Budget contains funds for 23 aircraft, 17 operational and six retained for support purposes. The Budget contemplates that any of

the 13 additional jet aircraft scheduled for delivery in fiscal year 1983 which are actually delivered before the end of the year would be "mothballed" at least until fiscal year 1984.

There are currently 15 obsolescent MRS aircraft in operation, all of which are programmed to fly 700 hours per year. By the end of fiscal year 1982 there will be 17 new HU 25A aircraft in operation each programmed to fly 1,000 hours per year. Operation of the 17 new aircraft in fiscal year 1983 will therefore provide a significant increase in the capability of Coast Guard's medium range search air arm.

Coast Guard's total aircraft utilization plans are currently under review, however, and some changes may be recommended.

Question. In your March 24 testimony to the House Merchant Marine Committee you implied that you have plans to place one of the 18 mothballed Falcon Jets into operation for each of the existing search aircraft taken out of service. Is this true? If so, could you please indicate when each of the obsolete aircraft is expected to be taken out of service and when the Falcon replacement would be put into operation.

Answer. Although 18 new HU-25A aircraft will be delivered in fiscal year 1983 and all obsolescent MRS aircraft will be retired, it is neither desirable nor expedient to replace on a one-to-one basis at given locations. The currently planned replacement and retirement schedule is:

Commencing approximately July 1982, 6 HU-25As will be delivered to Air Station Miami. They are expected to be fully operational by December 1982; 4 HC-131As will re retired.

Commencing approximately October 1982, 4 HU-25As will be delivered to Air Station Cape Cod. They are expected to be fully operational by December 1982; 6 HU-16Es will be retired.

Commencing approximately January 1983, 2 HU-25As will be delivered to Air Station Corpus Christi. They are expected to be fully operational by March 1983; 5 HC-131s will be retired.

One each of the HC-131As being retired at Air Stations Corpus Christi and Miami were reprogammed recently from Air Station Mobile, Alabama. Five HU-25As have been delivered there to date. Three are contributing to search and rescue missions, replacing aged aircraft, and two are being used for training.

Question. The present Coast Guard Reserve strength is only 55 percent of its wartime mobilization requirements, as compared with 86 percent for the Reserves of other armed services. Yet for fiscal year 1983 the Administration proposes to cut 1300 more Reserve personnel. Considering the close working relationship of the Coast Guard Reserves with the active duty component as well as their importance to port security, what is the purpose of reducing strength to less than 50 percent of mobilization requirements?

Answer. There is a significant difference between the missions of the other Armed forces and that of the Coast Guard. The primary mission of the other Armed Forces is mobilization. As such, the size and mobilization capability of their reserve forces play a critical role in the determination of the appropriate mix of active duty and reserve strengths, with considerable flexibility in the trade-offs between them. The Coast Guard's primary mission, on the other hand, are peacetime in character, with mobilization readiness as an ancillary responsibility. As such, the size of its reserve component plays a far less critical role in the determination of total personnel needs. In this regard it should be noted that, in spite of the involvement of Coast Guard active duty forces in two major conflicts since World War II, the involuntary callup of the Coast Guard Reserves has occurred on only two occasions, both of which were limited in scope and civilian in character—during flooding of the Mississippi River in the early 1970's and during the Cuban refugee crisis of 1980. It should be noted that the Roles and Missions Study has recommended that contingency plans should recognize the valuable contribution which the Coast Guard Auxiliary could make during a period of mobilization.

The Budget mirrors the Administration's belief that funding Reserve Training at an essentially constant rate over the 1982/1983 timeframe, while providing increased funding in Operating Expenses, reflects an appropriate assessment of relative Coast Guard priorities in a restrained budgetary framework.

AS indicated in response to an earlier question, Reserve Training costs are a discretionary mix of the number of Selected Reservists and the amount of training they receive. The Budget reflects a Selected Reserve force level of 10,700 because it was determined that 10,700 was the level that could be supported at the training hours available with $50 million. The Coast Guard has subsequently determined that, by reducing training for those already effectively trained—senior reservists—they will be able to sustain a Selected Reserve strength of 12,000 within the same dollar levels. It might also be noted that the Coast Guard's improved ability to

retain skilled personnel in the Selected Reserve has made it possible for them to eliminate the Reserve enlistment/reenlistment bonus program.

Question. The Wartime Tasking Report issued last March by the Navy-Coast Guard Board proposed a significant expansion of Coast Guard's military readiness responsibilities. Three new national security missions were proposed: Naval control of shipping, harbor defense and security, and mine countermeasures. In addition, significant expansion of existing wartime tasks was proposed, including coastal surveillance and interdiction and inshore undersea warfare. Some of these responsibilities, like port security, could only be carried out by the Coast Guard.

Does the Administration plan to implement these NAVGARD proposals? If so, do you agree with Secretary of the Navy Lehman's assessment that the fiscal year 1983 budget will not permit such implementation?

Answer. While the Wartime Tasking Report issued by the NAVGARD Board suggested an expansion of Coast Guard military readiness responsibilities, at the same time it commissioned two ad hoc study groups to determine what the Coast Guard's actual role and level of participation should be in the naval control of shipping, harbor defense and mine countermeasures. The recommendations of these groups will not be available until this summer, and even then further analysis will be required to identify specific funding and staffing needs. Subsequently the ensuing recommendations will be considered in the budgetary review process.

Accordingly, the Administration has not had, and will not have for some time to come, any proposals on which there has been sufficient staff analysis to warrant implementation decisions. No such proposals were ready for Administration consideration in conjunction with the fiscal year 1983 Budget.

Question. As part of the Boating Safety and Facilities Improvement Act of 1980, the Congress asked the Secretary of the Treasury to look into the sources of fuel tax revenues, determine what part of these revenues is attributable to recreational boaters, and report back to Congress by October 1982. What is the status of this study, and will it be submitted before the statutory deadline?

Answer. The Treasury Department has advised that this and other fuel tax studies are ongoing and it is anticipated that the results of this study will be submitted by the statutory deadline.

Question. In your oral testimony to this Committee you indicated that the Coast Guard's major cutbacks in foreign fishing enforcement would be offset by the implementation of NOAA's foreign fishery observer program. In your answer you indicated that the Administration's budget request would put an observer on each of the foreign vessels in the U.S. fisheries zone. Please explain how this observer coverage would be achieved in view of the fact that $14 million is needed to achieve the full coverage mandated by the American Fisheries Promotion Act and the Administration's budget request calls for less than $8 million.

Answer. I would have to defer to the Commerce Department on the resources necessary to achieve full coverage.

It is my understanding that if the Congress approves the $3.25M fiscal year 1982 supplemental now before it that it will substantially add to the present coverage. Furthermore with these additional resources NOAA will continue to focus its resources on those foreign vessels known to be the violators. The continued movement toward increasing the observer program is being done as quickly as possible within the constraints necessary to mount a sound training program. The fiscal year 1983 program continues that effort.

Question. The Secretary of the Navy has said the Vessel Traffic Service systems are important to national security. Do you agree with this assessment? If not, why not? If so, please explain why termination of the New Orleans, New York, and San Francisco VTS systems are consistent with national security objectives. Also, explain whether the pending private sector proposal to take over the San Francisco VTS from the Coast Guard includes contingency planning for national security emergencies.

Answer. VTS may be important to national security. However, it is important to recall that during World War II there was substantially more vessel movement through our harbors because the vessels of 40–50 years ago were smaller than today's vessels. With respect to implementation of services, New York has never been operational; private sector operation of San Francisco is currently under negotiation while Coast Guard operation continues; and New Orleans' facilities, equipment and leases remain intact in a standy status able to resume operations in the event of a national emergency.

Questions From the Minority and the Answers of Admiral Hayes

Question. You have stated publicly that the Coast Guard would need $192 million in supplemental operating expense appropriations for fiscal year 1982 in order to maintain operations at the fiscal year 1981 levels. For our purposes could you please state the component elements of that estimate.

Answer. The component elements of the $192 million in supplemental operating expense appropriation needed in fiscal year 1982 and 1983 are as follows:

[Dollars in millions]

Level and item	Fiscal year 1982 funding level	Fiscal year 1983 additional funding
1. Military and civilian pay raise costs	78.1	0
2. Program requirements for career pay, military entitlements, fuel price increases, and Haitian patrols	30.5	0
3. Restore selected reductions [1]	15.5	49
4. Cancel additional facility closures [2]	12.0	22
5. Restore remaining reductions [3]	19.1	30
6. Other [4]	36.9	7
Total	192.1	108

[1] Secretary Lewis's Feb. 26, 1982 restoration. (These amounts were subsequently revised to $16.0 and $56.3 for fiscal year 1982 and fiscal year 1983 respectively.)

[2] Reductions that will be effected having minimal impact on service to the public. (These amounts were subsequently revised to $11.7 and $21.1 respectively.)

[3] Reductions for planned management improvements and efficiencies. (These amounts were subsequently revised to $18.9 and $28.8 respectively.)

[4] Accommodated primarily by deferring implementation of a portion of the new initiatives (other than price increases) included in the fiscal year 1982 Budget.

Question. It is our understanding that the First and Third Coast Guard Districts have just initiated plans to remove hundreds of navigational aids. The witness representing BOAT-US has compared this action to removing all the traffic signals from downtown Portland, predicting added search and rescue business for the Coast Guard as a result. Please explain which other districts, if any, have similar plans, indicate the reasons behind the move, specify which user groups will be adversely affected, and state the nature of the increased risk to public safety involved.

Answer. As a sound management practice, the Coast Guard periodically and routinely evaluates the system of aids to navigation in the nation's waterways for the purpose of determining whether the conditions for which the aids were established still exist. When conditions change, the feasibility of improving, relocating, replacing, downgrading or discontinuing aids is considered.

An essential procedure for many years to solicit user input has been by listing "Proposed Changes in Aids to Navigation" in the Local Notice to Mariners. The proposals presented are based upon the best information available to the Coast Guard prior to soliciting user input. We ask the user to provide us with comments, suggestions and information which can be considered in determining where the continued expenditures are warranted, insufficient, or wasteful.

Recently reduction in our servicing forces has made it necessary for us to critically evaluate our aids to navigation systems to identify those aids which can no longer be justified so that we can provide the best service possible where it is needed. Due to the criticality of the review some districts have developed large numbers of aids for which we require user input, and some districts small numbers. In this regard, the size of the lists of aids being scrutinized is affected by the present budget climate, but the mechanism being used is a standard procedure.

The First, Third, and Thirteenth Coast Guard Districts have each recently advertised significant numbers of proposed changes in aids to navigation, totaling almost 1,500 candidates in these three districts. No other districts that we are aware of have plans to advertise such large numbers of proposed changes at one time.

The users have been providing Congress as well as the Coast Guard with their input concerning the proposals. In many cases the user input clearly demonstrates that the continued expenditures of the taxpayers' dollars on some of the candidate aids are warranted. I have no doubt that these aids will be retained, and, if necessary, improved. In other cases we have been reassured by the user input that cer-

tain candidate aids are indeed no longer used. These are the aids we particularly are trying to identify. For some aids, we have received no user input.

Since we are still accepting public comment to be used for eventual decision-making, I cannot state at this time what aids will be changed, and hence, which user groups will be affected or whether there will be any impact on our search and rescue mission. We have no desire to eliminate essential aids or services, and we are asking the public to help us identify those aids which provide the least benefits. Where the benefit of an aid can be justified in terms of service provided to commerce of a substantial nature, that service will continue to be provided.

Question. The Boat Owners Association of the United States has proposed that the Trust Fund established under the Recreation Boating Saftey and Facilities Improvement Act of 1980 be restructured as follows:

(1) One-quarter of the fund to be divided among all the states for their boating safety, education, and enforcement efforts,

(2) One-quarter to be divided among coastal and Great Lakes states for development of state search and rescue programs,

(3) One-quarter to be devoted to the funding of Coast Guard Auxiliary, and

(4) One-quarter to be returned to Coast Guard for its recreational boating safety standard program and the maintenance of aids-to-navigation used mainly by boaters.

Please state your reasons for supporting or opposing this proposal.

Answer. The President's proposed budget for fiscal 1983 includes $5,000,000 for financial assistance to State recreational boating safety programs. The funds would be drawn from the National Recreational Boating Safety and Facilities Improvement Fund and distributed to States using the formula in Public Law 96-451. The programs as defined in that Act include "education, assistance, and enforcement activities conducted for the purpose of boating accident or casualty prevention, reduction, and reporting." The President's proposed budget also includes funds for the Coast Guard's search and rescue, aids to navigation and marine safety (includes support of the Coast Guard Auxiliary) programs. We believe the present formula provides States with sufficient flexibility to meet their needs. It would be premature to change that formula until we gain some experience. Thus, we would not support a change at this time.

Question. It has been suggested that the Coast Guard has pursued a procurement philosophy which has placed too much emphasis on deep water operations and too little on near shore operations where their wartime capability is not duplicated by the Navy. For example, some say it would be more cost effective for the Coast Guard to buy swift, maneuverable vessels of under 200 feet instead of larger vessels like the medium and high endurance cutters. What is your response to this criticism?

Answer. The Coast Guard is charged with a wide range of maritime responsibilities; from enforcement of fisheries regulation in the 200 mile Fisheries Conservation Zone, interdiction of drug traffickers in the Caribbean, and open ocean search and rescue to port security and safety, aids to navigation, and marine environmental protection. Consequently, we need a mix of vessel types to meet the different operating environments posed by these varied missions. For patrol of the 200 mile Fisheries Conservation Zone, particularly in Alaskan waters, and along the northern portion of the east coast a long range vessel capable of extended operation in the open sea is required. This type of vessel is also needed for extended partol in the Caribbean and for offshore search and rescue work. This need is currently met by our WHEC 378 class cutters. For in shore work, i.e., marine environmental protection, inshore search and rescue, port security and safety, etc., where patrol distances are relatively short but where good sea keeping qualities are required, short range patrol craft are utilized. Between these two extremes, where patrol areas are fairly extensive but not so extended as to warrant use of high endurance platforms, medium endurance cutters are appropriate. There is certainly a role for more specialized and less costly platforms in certain geographic regions where specific operational characteristics permit.

Coast Guard vessel procurement philosophy is to acqure vessels to meet the demands placed on us by the varied environments within which we must operate. We do not duplicate Navy capabilities. We design our vessels to specifically meet our own needs. The Navy reviews our designs and suggests such additional capabilities as in their judgment are appropriate.

During wartime our high and medium endurance cutters are employed in missions suitabe to their size, seakeeping ability and armament. They generally perform duties which are an extension or complement to their peacetime responsibilities (e.g., combat search and rescue, surveillance and interdiction, etc.). These func-

tions do not duplicate services provided by the Navy but supplement and augment them. It should be noted that the Coast Guard operates the only corvette class vessels in the U.S. inventory and as such is much closer in capability to many coastal European and third World Navies. The U.S. Navy with its power projection and sea control roles is unique in terms of capabilities and missions with only the Soviet Navy as a close rival.

Question. We understand the Coast Guard has been looking closely at surface effect ships for its law enforcement activities. Could you state the results of your investigation? What are the advantages and disadvantages of these vessels for the various Coast Guard missions?

Answer. The Coast Guard has been exploring the potential of several types of advanced marine vehicles including hydrofoils, SWATH's (small waterplane area twin hull), surface effect ships, and planning craft. In 1981 the Coast Guard operated a Bell-Halter 110′ Surface Effect Ship (SES) for six months in Southeastern waters and Gulf of Mexico to evaluate its potential as a Coast Guard cutter for both law enforcement and search and rescue. We concluded that the basic Bell-Halter 110 foot class SES could be used effectively in the Gulf of Mexico and Caribbean as a multi-mission cutter conducting offshore operations. We hope to procure, in the near future, three such SES's and base them in Key West to serve primarily as law enforcement cutters in 7th District waters. The craft's advantages include speed and relative simplicity combined with fuel economy. The power plant consists of diesel engines of a type already in use aboard our renovated 95 foot patrol boats. By comparison to our WPB's currently in service, the SES ride is much better. Speed capability is also greater in both calm and rough water. The renovated 95 footer's speed in calm waters is 25 knots maximum and the 82 footer 23 knots. As the weather and sea state deteriorate, WPB speeds rapidly reduce whereas the SES in calm waters is capable of 30 knots or more and can usually hold a speed of advance well in excess of twenty knots in seas up to ten feet. Thus the SES has an advantage over our existing WPB inventory as a search platform, and a law enforcement asset in southern waters. Although it does not provide the speed and comfort of a hydrofoil or the stability of a SWATH, it is obviously an attractive option to evaluate as we look to the future replacement for our WPB classes.

Question. We understand the Coast Guard had been considering the procurement of a nunber of 110-foot and 160-foot surface effect ships. The 160-foot version is slightly slower than the 110-foot vessel, but is built to carry a helicopter. It is our understanding that some officials within the Coast Guard would like to spend considerable extra money to modify the off-the-shelf 160-foot version by increasing the top speed from 28 knots to 35 knots. Given the speed of the helicopter that can be carried on the larger vessel, wouldn't it be more cost effective to buy the 160-foot vessel without modification?

Answer. The Coast Guard has not been considering procurement of 160-foot SES's. We do intend to procure 110-foot SES's. The U.S. Navy intends to lengthen a "stock" 110′ SES to 160′ to determine the characteristics of a larger SES for USN missions. At this time, there are no commerically available 160′ SES's.

Question. The Vice President has announced plans to beef up Coast Guard resources in South Florida so as to raise the drug interdiction rate by 50 percent. In view of interdiction estimates ranging from as low as 5 percent to as high as 20 percent, the projected interdiction rate would be somewhere between 7½ to 30 percent. Could you elaborate on these increased activities (in South Florida) and specify what Coast Guard services will be reduced or eliminated as a result?

Answer. Initial increase in forces for the next six months include an additional 180 patrol days by High and Medium Endurance Cutters, 180 patrol days by patrol boats, 170 helicopters days and an additional 38 personnel (in addition to cutter personnel). The cutter and aircraft increase reflects higher augmentation from the First, Third, Fifth and Eighth Districts. The personnel may come from any Coast Guard District. The permanent transfer of two 210 foot medium endurance cutters to the Seventh District from other Atlantic Area Districts will be accomplished this summer. As Haitian Migrant Interdiction Operations (HMIO) and the buildup in Southeast U.S. continue, fewer high and medium endurance cutter or helicopter resources remain to conduct other operations. Cutters will still, however, be able to maintain a Search and Rescue (SAR) readiness posture in homeport. There will be some impact on overall SAR response capability. High and medium endurance cutters handle a small proportion of the total SAR workload, and are typically diverted to SAR cases from other patrolling missions. Routine fisheries enforcement partrols will be reduced, but it should be noted that the majority of foreign fishing in U.S. waters is not conducted in the Atlantic.

Question. On December 15, 1982, the clam boat *Marblehead* was sunk off Ocean City and its four crew members drowned. When the distress call was received, the 44-foot motor lifeboat at the USCG Ocean City Station was in maintenance and was not available. There was no back-up and the search effort was carried out by vessels and helicopters from other stations.

Why was there no back-up vessel available at the Ocean City Station? What steps can the Coast Guard take to assure a back-up vessel is available so that sea-rescue capability is available at all times in Ocean City?

Answer. Due to the distance offshore, approximately 20 miles, and the fact that the *Marblehead* was sinking, the initial response was a dispatch of a helicopter. In addition, the two adjoining stations with heavy-weather capability (44' MLBs) did respond to the case and assisted in the search. The fact that the 44' MLB at Ocean City was in maintenance status had minimal impact on the way the Coast Guard's Search and Rescue system responded to this case, and had no impact on the outcome of the case. Coast Guard Station Ocean City has three other boats besides the 44-foot motor lifeboat (MLB) but which have less sea-keeping capability. Sea rescue capability is always present in the Ocean City area either by one of four Station Ocean City boats of from boats of Station Chincoteague 34 miles to the south or Station Indian River 17 miles to the north. Ready helicopters are available on an immediate basis from Air Station Cape May, New Jersey. Spare 44-foot MLBs are not available to replace boats in maintenance status and therefore coverage is provided by adjacent units.

Question. What resources will the Fifth Coast Guard District need to keep open Aids to Navigation Teams at Crisfield and Curtis Bay, Maryland.

Answer. Coast Guard aids to navigation servicing units in Maryland are not being eliminated so much as reorganized. Aids To Navigation Team (ANT) Curtis Bay was reduced by three billets and was renamed ANT Sledge. ANT Sledge is now a subunit of CGC *Sledge*, a construction tender at Curtis Bay. ANT Crisfield has been disestablished. Three billets were transferred to CGC *Chokeberry*, and five to CGC *Tackle*. CGC *Chokeberry*, an inland buoy tender formerly at Hatteras, NC, has been relocated to Crisfield and will have responsibility for those aids previously assigned to ANT Crisfield. CGC *Tackle*, a harbor tug already in Crisfield, was augmented by billets from ANT Crisfield which were assigned to carry out the search and rescue mission. A 41' utility boat was also transferred to CGC *Tackle*, which will assume all SAR responsibility. Three billets have been added to Station Inigoes, MD, and are designated for aids to navigation work.

In summary the transactions are as follows:

ANT Curtis Bay/Sledge	−3
ANT Crisfield	−14
CGC *Tackle*	+5
STA St. Inigoes	+3
Relocate CGC *Chokeberry*	+9
Total	0

Thus Maryland has no net loss in billets and has gained an inland buoy tender.

Question. Pursuant to a directive from the Secretary of Transportation, the civilian employment ceiling at the Curtis Bay Coast Guard Yard was reduced from 1147 to 800 and 170 employees were notified they were to be RIFed. The subsequent impact on new ship construction and ship overhaul is severe, in terms of cost and potentially in terms of national security. For example, the cost of building a new ferry boat for Governor's Island by contract is estimated to be $1 million more than the cost of the same work at the Yard. In addition, there is a well documented shortage of skilled workers for the government shipyard base needed for national emergencies.

How does the Coast Guard conceive of the future of the Curtis Bay Coast Guard Yard?

Answer. The long range requirements for cutter maintenance and renovation indicates the Yard work force will be fully employed through the foreseeable future. The mission of the Yard remains the repair and modification of all types of Coast Guard cutters and boats, the manufacture of Coast Guard peculiar material, and the direction of the logistic support effort for the fleet through the Ship's Inventory Control Point (SICP).

Question. What is the rationale for getting rid of these skilled workers at the Yard given the need to undertake a substantial ship construction and overhaul program?

Answer. The Reduction-In-Force at the Yard during fiscal year 1981 resulted in 77 workers being separated from government service. The decision to eliminate indus-

trial functions rather than take across-the-board program cuts presented the best and most logical long term way for the Coast Guard to achieve its share of government personnel reductions. Across-the-board reductions would have been less controversial, but would have imposed severe adverse impact on the Coast Guard overall. Prior to the Reduction-In-Force, the Coast Guard had traditionally contracted out the majority of its boat building and new construction projects. Discontinuance of these functions at the Yard does not affect the Coast Guard's ship building programs as the private sector can readily provide these services. The ship repair and maintenance functions performed at the Yard will continue as before. The single most important aspect of the Yard's operation being impacted is not its capability but its capacity. Should the nation require ships to be built at the Yard in the future, the capability will be there. The same technical skills which are used to repair and overhaul vessels can likewise be used to construct new vessels.

Question. Some private sector spokesmen have said that the Coast Guard is essentially ignoring the Navy's development of the Global Positioning Satellite System, in spite of indications that GAO and others in the government are using GPS as a possible justification for the early termination of LORAN-C. What is the Coast Guard doing in the GPS development effort? Has the Coast Guard done anything to contact users, who have invested heavily in LORAN-C equipment, to determine the value of continuing LORAN-C if GPS is developed by the early 1990's as planned?

Answer. The Coast Guard has a Commander assigned to DOT as a Deputy Program Manager at the NAVSTAR GPS Joint Program Office in California. The Coast Guard has also offered a C-130 aircraft to the GPS Joint Program Office to facilitate GPS testing at the Yuma Instrument Range.

Additionally, Coast Guard activities focus on establishing the performance of NAVSTAR GPS for maritime navigation. There is a particular focus upon the harbor approach and harbor phases of marine navigation, where augmentation of visual piloting using radio aids to navigation is needed. Three major efforts are involved:

1. An evaluation of the ultimate accuracy potential of NAVSTAR GPS for vessel navigation in the harbor and harbor approach phases will be conducted. The evaluation will establish the technical capability of NAVSTAR GPS in its Standard Positioning Service mode to meet the stringent requirements of these phases.

2. A comparative evaluation of NAVSTAR GPS and existing aids to navigation will be performed. This evaluation will compare the relative cost and performance trade-offs of NAVSTAR GPS with existing systems such as LORAN-C, TRANSIT, OMEGA for all phases of marine navigation as an input to Federal decisions on the mix of future radionavigation systems.

3. An evaluation of marine receiver designs will be conducted under the guiding principle that marine users choose navigational aids for their vessels based on cost and performance assessments. A prototype marine receiver will be compared to existing navigation systems during fiscal year 1982 and fiscal year 1983. Future efforts will focus on the evaluation of newly developed marine receivers to determine their acceptability to the marine community. Further eveluation of receiver designs could ultimately permit the development of minimum performance standards for NAVSTAR GPS receivers.

In light of recent GAO recommendations that LORAN-C be terminated in the early 1990's, the Coast Guard has informally contracted user groups. The response was nearly universal in stating a need for LORAN-C until the end of the century. Users were also universal in expressing their concern regarding the level of GPS accuracy to be available to the civil community.

Question. During the past several months there has been a rash of racon failures along the southeast and Gulf coasts. Eight racons that were recently installed have failed; they were located at Great Round Shoal, Chesapeake Bay Bridge, Charleston, Savannah, Miami, Tampa, Calcasieu, and Sabine. What was the cause of this epidemic? What has been done to remedy the situation? How do we know that such a series of failures will not occur again? Is the Coast Guard presently supporting efforts to develop or procure more dependable racons?

Answer. The cause of this rash of failures was transmitter damage caused by lightning striking close to the racon. We have experienced this problem only with the newest model racon. Older designs were inherently lightning-proof; the newer design was not. We have modified our specification to ensure that lightning protection is considered. As the damaged racons are returned to the manufacturer for repair under warranty they are modified to prevent a re-occurrence.

We have purchased 15 additional racons of a type proven to be reliable to replace racons lost from accident or old age. We are encouraging private United States

manufacturers to develop modern racons comparable to those available from foreign sources.

Question. Please give us a history of racon procurement and installation. We would like to know how many racons have been purchased, how many have been installed, where they have been installed, what type of racon each is (i.e., slow-sweep, step-swept, frequency agile, or other), who the manufacturer of each is, what the performance record is, and what the cost of each was.

The following table contains the information requested.

RACON STATUS

Number and station	Installed	Manufacturer	Type	Approximate cost	Reliability
1. Seal Rocks Light, Alaska	1972	Vega–227	Slow-sweep	$5,000	Good.
2. Point Lay Racon, Alaska	1972	do	do	5,000	Do.
3. Icy Cape Racon, Alaska	1972	do	do	5,000	Do.
4. Wainwright Racon, Alaska	1972	do	do	5,000	Do.
5. Point Barrow Racon, Alaska	1972	do	do	5,000	Do.
6. Cape Simpson Racon, Alaska	1972	do	do	5,000	Do.
7. Cape Halkett Racon, Alaska	1972	do	do	5,000	Do.
8. Atigaru Point Racon, Alaska	1972	do	do	5,000	Do.
9. Oliktok Point Racon, Alaska	1972	do	do	5,000	Do.
10. Cross Island Racon, Alaska	1972	do	do	5,000	Do.
11. Bullen Point Racon, Alaska	1972	do	do	5,000	Do.
12. Brownlow Point Racon, Alaska	1972	do	do	5,000	Do.
13. San Francisco Approach, Calif	1973	do	do	5,000	Do.
14. MR–GO Approach, La	1975	do	do	5,000	Do.
15. South West Pass, La	1975	do	do	5,000	Do.
16. Lake Huron Cut, Mich	1975	Marconi	do	6,500	Do.
17. Straits of Juan De Fuca J, Wash	1975	do	do	6,500	Do.
18. Straits of Jaun De Fuca JA, Wash	1975	do	do	6,500	Do.
19. Portland, Maine	1975	do	do	6,500	Do.
20. Manitou Island Light, Mich	1977	do	do	12,000	Do.
21. Devils Island Light, Mich	1977	do	do	12,000	Do.
22. Passage Island Light, Mich	1977	do	do	12,000	Do.
23. Colville River Racon, Alaska	1977	do	do	12,000	Do.
24. South Skull Cliff Racon, Alaska	1977	do	do	12,000	Do.
25. Drew Point Racon, Alaska	1977	do	do	12,000	Do.
26. Midway Islands Racon, Alaska	1977	do	do	12,000	Do.
27. Delaware LHB N.J	1979	do	do	15,000	Do.
28. Five Fathom LHB, N.J	1979	do	do	15,000	Do.
29. Galveston Approach, Tex	1979	do	do	15,000	Do.
30. Chesapeake Light, Va	1979	do	do	15,000	Do.
31. Columbia River Approach, Wash	1979	do	do	15,000	Do.
32. Chesapeake Bay Bridge, Md	1981	Vega–227–10	do	13,000	Poor.
33. Scotland LHB, N.J	1981	do	do	13,000	Do.
34. Charleston LWB 2C, S.C	1981	do	do	13,000	Do.
35. Savanah Light Tower, Ga	1981	do	do	13,000	Do.
36. Sabine Bank Chnl, Tex	1981	do	do	13,000	Do.
37. Calcasieu, La	1981	do	do	13,000	Do.
38. Miami, Fla	1981	do	do	13,000	Do.
39. Great Round Shoal, Mass	1981	do	do	13,000	Fair.
40. Hein Bank, Wash	1981	do	do	13,000	Do.
41. Tampa, Fla	1981	do	do	13,000	Poor.
42. Ambrose Tower, N.Y. (Test and evaluation)	1982	AGA–Ericson	Freq–agile	31,000	Unknown.
43. Detour Reef, MI(Test and evaluation)	1982	do	do	29,000	Do.

Racons on order—15 Marconi at $15,000 each.
Racons ready-for-issue 1 Marconi.
Racons awaiting repair—9 Vega.

Since 1975 the Racons installed in Alaska have been removed during the winter and installed on the following Great Lakes Aids to Navigation. In the spring they are returned to the North Slope.

Detroit River Light, Mich.
Peach Island Range, Mich.
Lake St. Clair Light, Mich.
Round Island Passage Light, Mich.
Straits of Mackinac Bridge, Mich.
Dsfour Reef Light, Mich.
Sweets Point Light, Mich.
Brush Point Dayboeacon, Mich.
White Shoal Light, Mich.

Question. Repair or replacement of failed racons takes several months because they are individually manufactured and whole units and parts cannot be bought "off the shelf." Why doesn't the Coast Guard routinely keep extra units on hand so that failed units can be replaced immediately?

Answer. We normally maintain a ready-for-issue racon inventory at a central repair facility equal to ten percent of the units installed. In addition, spare parts are stocked at the facility for those items that normally require replacing. Under normal conditions this is sufficient to provide rapid replacement when a racon fails.

Each racon has a distinguishing code and a number of other operating characteristics tailored to its specific location. These characteristics are set at the repair facility. Immediate replacement would require a spare inventory equal to the number of racons installed. This would be cost-prohibitive.

Question. It is our understanding that on September 22, 1981, the American Shipbuilding Company responded to a Coast Guard RFP with a low bid of $1.3 million to repair the icebreaker *Mackinaw.* Shortly afterward the Coast Guard cancelled the bids for lack of funding.

(a) In view of the Coast Guard's decision to keep the *Mackinaw* in operation in the Great Lakes, are there plans to proceed with renovation?

(b) Do you agree with the conclusion of the attached American Shipbuilding memorandum that Comptroller General decisions require that the original solicitation and bids be reinstated and the contract be awarded to the low bidder in a case like this? If not, please state your reasons.

(c) Even if the scope of repairs to be done is less than that called for under the original RFP, wouldn't it make sense to accept the low bidder for that work since it was specifically itemized and priced?

(d) We understand that the Coast Guard has $1 million worth of government furnished equipment in a warehouse in Michigan. This was bought to be installed in the *Mackinaw.* Does the Coast Guard intend to install this equipment in the *Mackinaw*?

(e) Why were the *Mackinaw* repair funds found to be unavailable last fall?

Answer. The *Mackinaw* will not be as extensively renovated as originally planned. Since the original RFP, the Coast Guard has determined that *Mackinaw's* crew will be reduced in order to operate the ship more efficiently. The limited work now planned will involve only engineering and maintenance items necessary to keep *Mackinaw* in operation and reduce crew workload. The scope of work in considerably less, and certain items not a part of the original solicitation will be performed. The Coast Guard has determined that the original bid by American Shipbuilding is no longer applicable because of changes in the type and scope of work. Of the government-furnished equipment already purchased, approximately $545,000 of machinery will be used in the *Mackinaw;* the remainder will be used elsewhere in the Coast Guard. The original bids for renovation of the *Mackinaw* were cancelled because available funds were insufficient to cover the low bid received, and it subsequently became necessary to consider decommissioning the *Mackinaw* for budgetary reasons.

Question. What resources will the Fifth Coast Guard District need to keep open the commercial vessel safety documentation offices at Baltimore, Cambridge, and Crisfield, Maryland?

Answer. Consolidation of vessel documentation functions into regional offices is being undertaken to streamline and increase efficiency. Any modification of the regionalization plan by retaining documentation offices would tend to diminish the overall effectiveness of the plan and reduce the efficiencies of operation gained by economies of scale. Accordingly, additional resources should not be allocated for the purpose of keeping these offices open.

Question. The Coast Guard has announced plans to close very soon a number of documentation offices around the country as part of a streamlining effort under the Vessel Documentation Act of 1980. The closing had originally been planned to take place no sooner than 1984. It has been suggested that the accelerated closings will cause havoc in the documentation effort because (a) the new computerized system will not be ready when the closings occur and (b) the trained personnel needed to man the central offices are not likely to transfer from field offices. Please address this criticism.

Answer. The Vessel Documentation Act of 1980, is effective on 1 July 1982. Prior to the effective date, documentation officers will be trained in the new regulations. The new regulations promulgated by the Act permits simplication of many procedures and reduces paperwork requirements. Some of the most frequent transactions

are eliminated; an example is the present requirement for reporting changes of master and endorsement of the changes on vessel documents. Also eliminated is the present system of annual license renewals which requires presentation of the vessel document for endorsement of the renewal. These two types of transactions, changes of master and renewals, accounted for a little more than 45 percent of all vessel documentation transactions conducted in calendar year 1981.

The Vessel Documentation Act and the regulations promulgated thereunder also make transactions more amenable to handling by mail and make possible computerization of transactions. As a management improvement initiative the Coast Guard intends to centralize vessel documentation functions; and, once implemented, it is expected that centralization coupled with computerization will result in significant improvements in the processing of vessel documentation transactions. The original target date for the establishment of the centralized ports of documentation was planned for 1 October 1982, but after further evaluation the Coast Guard has postponed the centralization date until February 1983. This will allow a phasing-in period for the new regulation before centralization occurs. Establishment of centralized ports of documentation will shift the services conducted at the present 61 offices to 14 planned locations. Computer hardware will be in place and operational at the centralized offices before the end of fiscal year 1982. Training will be completed by the end of September, before centralization occurs.

In regards to documentation personnel, undoubtedly there will be some vessel documentation officers who may not be willing to transfer to the centralized offices. The Coast Guard is in the process of asking each vessel documentation employee his intentions in this matter. While some employees may not be willing to transfer to centralized offices within their District, they may be willing to transfer to centralized offices in other Districts. This is also being explored. Additionally, the Coast Guard will act promptly to fill vacant postions and to provide continuing training.

The CHAIRMAN. I saw Senator Dodd come in.

Good morning, Chris. I might say I am not only delighted to have you here, but we earlier had Senators Cohen and Mitchell and Pell and Chaffee, so there is a great deal of senatorial interest in this particular budget.

STATEMENT OF HON. CHRISTOPHER J. DODD, U.S. SENATOR FROM CONNECTICUT

Senator DODD. I apologize. I should have been here with them.

The CHAIRMAN. It works out just right.

Senator DODD. I am grateful to you for giving me a chance to come on by here.

The CHAIRMAN. Go ahead, Senator Dodd.

Senator DODD. First of all, Mr. Chairman, if I may, I would like to ask with your permission to submit my formal testimony and I will try to paraphrase it a bit so as to move things along for you.

The CHAIRMAN. It will be in the record.

Senator DODD. Thank you very much.

Mr. Chairman, I appreciate obviously this opportunity to appear before you this morning to discuss the Coast Guard's budget request for fiscal year 1983 and proposed reduction in fiscal year 1982 funding. And I am confident, as I have listened to some of the testimony here, you have heard that there is going to be inadequate funding. In fact, Admiral Hayes's very direct responsive answer to your last question, whether or not these cuts are going to hurt, and his very concise and brief and unfortunate answer was yes, that they will. And I would like to address a couple of points.

They may have discussed them already and if they have, my apologies to you and your staff, but rather than getting the overall budget picture, which is obviously an issue that all of us have to be concerned about, and I do not envy your position of having to hear

people come in and talk about various single elements of it when you have to consider the totality of it, but two areas are of deep concern to me because they talk about the future of the Coast Guard. And to me, the future investment issues really are the ones that we should be focusing on where we can. Where the future investment of a worthwhile institution is in jeopardy because of cuts, then I think they deserve closer scrutiny.

The two areas that I am interested in are first, officer training, and second, research and development. If you have heard all this already, my apologies to you, but it is due to these budgetary constraints that the Coast Guard is planning some significant reductions in the Coast Guard Academy in New London, Conn. They will be dropping approximately 100 cadets who will be disenrolled from the academy. Normally there is about a 50 man—50 persons now, with women there—drop in the enrollment on a yearly basis because of one problem or another. That number will now go up to 100, which means they are going to be losing some people who would otherwise be graduating from that academy and providing a very worthwhile service to this country.

Approximately 100 cadets will be disenrolled before June of this year, and the next Coast Guard Academy freshman class will be cut by about 150 cadets, for a reduction of almost 40 percent. If the budget is not restored to adequate levels, future freshman classes will also have to be drastically cut. There can be no doubt that graduating 40 percent fewer officers from the Coast Guard Academy will have serious long-term effects on the morale and future effectiveness of the Coast Guard. And on the second point, future effectiveness, really is the one that I am most concerned about.

Many of the additional missions the Coast Guard is now being called upon to perform will place a high premium on the experience and judgment of commanding officers at sea. And the Coast Guard, as you understand very, very well, has been asked to perform additional functions over the last several years that we were not asking them to do in the past, missions such as the enforcement of the 200-mile fishing zone, which was a new piece of legislation. It is a whole new area that has to be covered, and the Coast Guard has the principal responsibility, requiring——

The CHAIRMAN. I might add, with no additional personnel. We used to ask them to enforce a 12-mile fishing zone and now we say 200 miles, but no more personnel and no more ships.

Senator DODD. That is right, and it is virtually impossible for them to cover that ground. And you and I know that when something happens and our fishing industry finds a violation of that, we scream and holler and bring these fellows up here and in some cases they are unfortunately berated by some of our colleagues in both sides of this building for not doing the job. And their hands are really tied.

The boarding of foreign vessels and interdiction of drug smugglers are also major issues. This has been a new phenomenon. The traffic in the Caribbean, coming through with drug trafficking, is staggering. It may be the largest single industry in the State of Florida. It is pouring in. That is a significant added responsibility.

Interception of refugees. I happen to have spent a half a day with one of our Coast Guard vessels in Port-au-Prince that had

come in and just picked up 106 Haitian refugees that they had interdicted that had been at sea for I think 40 or 50 days. One of the passengers included literally a 2- or 3-month-old child. A tragic situation, but they had handled it very, very well and yet when I said how are things going, they said we are just strapped trying to cover all of this. It is extremely difficult for us to get the job done. And that is an added responsibility we have seen in the last few years, with the influx of refugees.

So we see more than ever before the Coast Guard will need well-educated, well-trained officers, and these reductions, Mr. Chairman, I fear will have serious detrimental effects on future Coast Guard leadership.

The second area that I would like to touch on briefly is the drastic cuts in the Coast Guard's research and development program. Overall funding for R. & D. will be slashed, I am told, from $30 million to about $18 million a year if the present levels are maintained.

The major effect of this reduction will be the closing of the Coast Guard research and development center at Avery Point in Connecticut, and this R. & D. center, Mr. Chairman, has increased significantly the overall efficiency of the Coast Guard operations. And again, we are talking about some new things that have happened in the last few years as a result of this center.

It has developed methods for fingerprinting oil spills, enabling the Coast Guard to identify specific sources of marine pollution. It cost approximately $2.5 million to develop this project, and it has already generated more than twice that amount in payments to the Water Pollution Control Act oil spill fund, which is a significant achievement, I think.

It has developed a satellite track buoy, capable of monitoring the movement of icebergs in high traffic areas. This project cost $600,000; yet each year it saves, we are told, about $750,000 in flight time and fuel.

We have increased the efficiency of one of the Coast Guard's most vital missions, search and rescue, by an estimated 600 percent through the development of computer cataloged data on wind and currents in certain ocean areas, thereby saving many, many lives and reducing Coast Guard costs.

It has developed two new methods of power navigational aids, reducing the costly and time-consuming task of replacing batteries. One method incorporates the wave-activated turbine generator to power buoys with sea-wave energy, while the other makes use of solar photovoltaic cells for energy generation.

And last, we have developed a far more effective oil containment barrier, usable under a wide variety of environmental conditions.

These are all relatively new activities, all developed as a result of the R. & D. center.

Mr. Chairman, these are just some of the highlights of the work that the R. & D. center has performed, and this has been applied research and development, directly improving the Coast Guard's ability to perform its many missions. We are sometimes the applied research and the basic research. Here we are taking that research and it is immediately producing results that are extremely beneficial to all of us in this country.

Obviously, a strong research and development effort is an essential investment in the future efficiency of the Coast Guard. In fact, good R. & D. will improve the Coast Guard's ability to function effectively at relatively modest budget levels. Those of us who are familiar with the R. & D. programs know that they cannot be simply turned off and on.

Putting together research teams takes time to begin to work together, and if you go on that roller coaster ride with R. & D., you are never getting the kind of results for the money you are spending if it is a feast and famine kind of cycle that they are on. It takes years to develop that capability and the kind of institutional memory which is essential for R. & D. to have the most effective practical applications. One cannot expect to disband the scientists and technicians at Avery Point who have worked together for years, and then expect the same results from farming out little pieces of the R. & D. effort to a variety of outside contractors.

Mr. Chairman, once the center has closed down and the research and development team dismissed, it will most certainly be prohibitively expensive to restart that effort. I find it somewhat ironic that the Coast Guard now plans to close down its research and development center. It has only been 2½ years since the present Commandant of the Coast Guard and I exchanged a series of letters about the future of the center. Admiral Hayes told me then that the Coast Guard had wanted to build a more modern research and development facility on the grounds of the Coast Guard Academy in New London.

In fact, there was an acquisition of some property up there that was otherwise going to be sold off, for the very purpose of putting that center there, where you have the facility of Electric Boat, the submarine base on the other side of the river, the Coast Guard Academy, along with the University of Rhode Island, which has one of the finest marine studies programs in America, all right in that southeastern Rhode Island-Connecticut area, a tremendous activity dealing with marine research and development.

Unfortunately, in spite of the best efforts of many people, sufficient funds were never available for this new R. & D. center. Now we have reached the sad stage where not only can we not afford to build a more modern R. & D. center, but we may have to close down the present one, which is a rather antiquated facility, Mr. Chairman. I do not know whether you have had the opportunity to see it at Avery Point. It was an old family estate up there, part of the University of Connecticut, and they have an area of it that they use for the R. & D. center. Really, they are frankly in the future going to need a new home.

The CHAIRMAN. You know, they are not allowed to close that center without congressional acquiescence, specific acquiescence, and both the House Merchant Marine Committee and the Commerce Committee have objected, and we will object again to the attempted closure of it.

Senator DODD. Well, that is the message I want to hear. I will conclude right there. I know when to stop. We can work together on this.

And as I say, I do not envy your position. Any one of us—in fact, I was almost a little reluctant. I try to be selective about these

things because you come in with one item after another, and you have to make a broader decision on these budget issues.

So I have picked this one and a couple of others that are, I think, extremely important, and I try to look at that future investment issue. There may be plenty of room for things that are on-going, some on-going activities we could pare down, but when you talk about the future of these institutions, when you talk about the personnel and the R. & D., those are areas that to me we are short changing ourselves and short changing another generation coming along that are really counting on us to maintain that level of activity in environmental control and projecting our fisheries that were being depleted at an outrageous rate, literally vacuuming the floor of the ocean by foreign operations, and we have an obligation, not just to protect these things for ourselves, but other generations have projected them for us in their own way, and now it is our turn. And if we deprive that future generation of the same opportunities we have had, we really do them an injustice.

And talking about $12 or $15 million to maintain some activities, I think is a great misfortune. Thank you.

The CHAIRMAN. Chris, thank you very much. I do not have any questions but I appreciate the support.

Senator DODD. Thank you for having me.

The CHAIRMAN. You bet.

[The statement follows:]

STATEMENT OF HON. CHRISTOPHER J. DODD, U.S. SENATOR FROM CONNECTICUT

Mr. Chairman, members of the committee, I appreciate this opportunity to testify before the Senate Commerce Committee on the Coast Guard's budget for fiscal year 1983 and the proposed reductions in fiscal year 1982 funding.

Mr. Chairman, I am confident you have already heard testimony about the clearly inadequate funding levels being proposed for the Coast Guard in the coming year. I will not address the overall budget levels except to say that it is clear to me that the Coast Guard has been given significant, additional tasks in recent years without receiving the additional resources necessary to carry them out.

Instead, Mr. Chairman, I would like to focus on the cuts that have been proposed in what I would term investments in the future of the Coast Guard.

These investments in the future fall into two general areas: first, officer training; and second, research and development.

Due to budgetary constraints, the Coast Guard is planning significant reductions at the Coast Guard Academy in New London, Connecticut. Approximately, 100 cadets are to be "disenrolled" before June of this year, and the next Coast Guard Academy freshmen class will be cut by about 150 cadets, for a reduction of almost 40%. If the budget is not restored to adequate levels, future freshmen classes will also be drastically cut. There can be no doubt that graduating 40% fewer officers from the Coast Guard Academy will have serious and long-term effects on the morale and the future effectiveness of the Coast Guard.

Many of the additional missions the Coast Guard is now being called upon to perform place a high premium on the experience and judgment of commanding officers at sea. Missions such as enforcement of the 200 mile exclusive fishing zone, requiring boardings of foreign vessels, interdiction of drug smugglers where there is often the potential for armed conflict, and the interception of Haitian and Cuban refugees at sea all require sensivity and sound judgment. More than ever before, the Coast Guard will need well educated and well trained officers. These reductions at the Coast Guard Academy may well have serious detrimental effects on future Coast Guard leadership.

The second investment area facing drastic cuts is the Coast Guard's research and development effort. Overall funding for R. & D. will be slashed from $30 million to $18 million per year. The major effect of this reduction will be the closing of the Coast Guard Research and Development Center at Avery Point, Connecticut. This

R. & D. has increased significantly the overall efficiency of Coast Guard operations. For example, the R. & D. Center has:

Developed methods for "fingerprinting" oil spills, enabling the Coast Guard to identify specific sources of marine pollution. It cost approximately $2.6 million to develop this project, and it has already generated more than twice that amount in payments to the Water Pollution Control Act Oil Spill Fund;

Developed a satellite-tracked buoy capable of monitoring the movement of icebergs in high traffic areas. This project cost $600,000, yet each year it saves about $750,000 in flight time and fuel;

Increased the efficiency of one of the Coast Guard's most vital missions, search and rescue, by an estimated 600% through the development of computer-catalogued data on wind and currents in certain ocean areas, thereby saving many lives and reducing Coast Guard costs;

Developed two new methods to power navigational aids, reducing the costly and time-consuming task of replacing batteries. One method incorporates a wave-activated turbine generator to power buoys with sea wave energy, while the other makes use of solar photovoltaic cells for energy generation; and

Developed a far more effective oil containment barrier usable under a wide variety of environmental conditions.

Mr. Chairman, these are just some of the highlights of the work the Coast Guard Research and Development Center has performed. This has been applied research and development, directly improving the Coast Guard's ability to perform its many missions.

A strong research and development effort is an essential investment in the future efficiency of the Coast Guard. In fact, good R. & D. will improve the Coast Guard's ability to function effectively at relatively modest budget levels. Those of us who are familiar with research and development programs know that they cannot be simply turned off and on. It takes years to develop a strong R. & D. capability and the kind of institutional memory which is essential for R. & D. to have the most effective practical applications. One cannot expect to disband the scientists and technicians at the Avery Point Center who have worked together for years, and then expect the same results from farming out little pieces of the R. & D. effort to a variety of outside contractors.

And, Mr. Chairman, once the Center is closed down and the research and development team dismissed, it will almost certainly be prohibitively expensive to restart the effort.

I find it ironic that the Coast Guard now plans to close down its Research and Development Center. It has only been two and one half years since the present Commandant of the Coast Guard and I exchanged a series of letters about the future of the Center. Admiral Hayes told me then that the Coast Guard has wanted to build a more modern Research and Development facility on the grounds of the Coast Guard Academy in New London. Unfortunately, in spite of the best efforts of many people, sufficient funds were never available for a new R. & D. Center. Now we have reached the sad stage where not only can we not afford to build a more modern R. & D. Center, the Coast Guard may have to close down the present Center.

Mr. Chairman, members of the Committee, the Coast Guard Authorization Act of 1982 (Public Law 97-136) requires that the Coast Guard submit its research and development plans, including the continuation of a R. & D. Center, to the Senate Commerce Committee for approval prior to implementation. As you are aware, in the other body, the House Merchant Marine and Fisheries Committee has already disapproved the Coast Guard's plan. In view of the Research and Development Center's continuing contributions to the efficiency and the future of the U.S. Coast Guard. I respectfully request that this Committee not approve the plan to close the R. & D. Center at Avery Point.

In conclusion, Mr. Chairman, cuts in the Coast Guard Academy and the Research and Development Center will save some money in the short run, but they will certainly be more costly to the future of effectiveness of the Coast Guard in years to come.

The CHAIRMAN. Now we will move on to Mr. J. Milnor Roberts, the executive director of the Reserve Officers Association. Good morning.

STATEMENT OF J. MILNOR ROBERTS, EXECUTIVE DIRECTOR, RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES, ACCOMPANIED BY CAPT. A. ROBERT MATT, USCGR, CHAIRMAN, NATIONAL COAST GUARD AFFAIRS COMMITTEE

Mr. ROBERTS. Good morning, Mr. Chairman. It is a real pleasure to be here this morning with you.

The CHAIRMAN. It is good to have you with us.

Mr. ROBERTS. I have with me on my right and your left a real live Coast Guard Reserve, Capt. Robert Matt, who is chairman of our Coast Guard Affairs Committee of ROA.

The CHAIRMAN. Captain, it is good to have you with us.

Captain MATT. Thank you, sir. It is nice to be here.

The CHAIRMAN. Thank you.

Mr. ROBERTS. And I think you will agree to insert our prepared testimony.

The CHAIRMAN. All of your statements will be inserted in full. We would ask you to stay within our 5-minute abbreviation rule so that I have some time for questions, but your entire statement will be in the record.

Mr. ROBERTS. Thank you very much, sir. I would like to add some comments not in the prepared text and also highlight some others.

First of all, the Reserve Officers Association is a military group chartered by the Congress of the United States, consisting of officers and warrant officers of all the uniformed services. We are privately funded. We get no Government support, and therefore we feel free to criticize some governmental activities if that occasion should arise, which it certainly has today.

Last fall we became alarmed over the treatment of the Coast Guard, and our leadership decided we had better do something about it. So in addition to requesting testimony before the oversight committee on the House side, we then started to reach the people responsible in Government, and the first call was on the Secretary of Transportation and his deputy, who testified this morning.

I must say, that call was not very reassuring. The first thing that happened was that Mr. Lewis commented that only 15 percent of the Coast Guard be regarded as a military asset for mobilization purposes, which was mind-boggling, to say the least. One of the staff members then corrected that by saying no, it is as much as 35 percent. Well, neither one of these figures appeals to us and is completely false, but that was a pretty bad scene.

We were invited to come back when we had substantiating figures to prove their figures are wrong, and we intend to do just that, but we have not been back since. That was about 3 months ago.

Following that, we met with OMB people and asked them what was going on with the Coast Guard, and their reply generally was well, there is a roles and missions study underway and by the time that is finished, then we will have a pretty good idea of where the Coast Guard is going, so do not worry about it, et cetera. That was not very reassuring.

A little over a month ago, we met with a fellow named Ronald Reagan in the Oval Office, and I want you to know that all five

major services are represented there, that is from our side: Army, Navy, Marines, Air Force and Coast Guard. But the first thing we talked about with the President when we went in was the Coast Guard. We said Mr. President, do you realize that the Coast Guard is under serious attack and it is not very well and getting worse. He said well, that is not what I have been told.

I can understand that. So we then proceeded to tell him a little more and we were supposed to be in there for about 8 minutes and we were there for about 20. We covered some other issues, but the first thing we talked about was the Coast Guard, and the last thing we talked about was the Coast Guard, and at that point he said, "I must look into this," which I think he probably did, because it was not very long after that before a letter from Mr. Clark was directed to the Department of Transportation inquiring about the state of the Coast Guard from the National Security Council.

Well, so much for that. We are frankly appalled at the attitude. It was bad enough last year, but it is worse this year, and we will not speculate on some of those reasons, but we think there are people within O. & M. and possibly within DOT as well who do not have too much love for the Coast Guard.

Therefore, we would ask that your committee members, although it is not the function of this particular committee, support a supplemental for the Coast Guard for 1982 amounting to $214 million, the details of which are in our testimony here. Included in that, by the way, is only $5.5 million to pay reservists who have gone on training even though they are not sure of being paid, and we believe they should be paid for the valuable work that they do.

Incidentally, about 85 percent of all reservists do hands-on training in the Coast Guard, and this is very productive for the Coast Guard, obviously.

The CHAIRMAN. That is one of the things I have noticed in Oregon and especially at their coastal stations. On weekends, when the Coast Guard Reserve is training, they are literally performing an exactly equivalent chore to the regulars, and I am not sure that with the budget restraints we are under, those stations could be fully manned but for the reserves.

Mr. ROBERTS. Yes. And finally, Senator, we would ask that you consider supporting an increase in the Reserve strength of 1,300 over and above the 1982 strength, although the administration wants to cut it back by 1,000, and we just think that is unconscionable, and we have detailed that in our prepared text as well.

We have a resolution of our organization calling for moving the Coast Guard to the Department of Defense. I am not sure that that is wise. They might get the stepchild treatment in DOD if they are the low man on the totem pole. On the other hand, we are not happy with what is going on with the Department of Transportation. The major point here is to make sure that something beneficial happens for the Coast Guard.

The CHAIRMAN. One, I do not like moving it to the Department of Defense, but, two, I think the psychology for wanting to do that is that it is the roller coaster that is going up while everything else is going down, so let us get on the up side. I am not sure I would want to be there when the defense roller coaster starts down.

Two, I used to be an advocate of consolidation and efficiencies and I have come to the conclusion that it does not work, and the fact that you merge the Coast Guard into the Department of Defense or into the Navy Department specifically is not going to make it any more or less efficient, is not going to cut any money or save any costs.

I think there is much to be said in terms of elan and camaraderie for the individual service and keeping it separate and individual.

Mr. ROBERTS. I think that there is much to be said for your point of view. As a matter of fact, I think most of the Coast Guard feel that way. But as an indication of the concern that so many people feel, including members of Congress, they are advocating, if the Coast Guard cannot get treated right in DOT, a move to the Department of Defense—not under the Navy, incidentally, but as a separate agency. But we think the problem can be solved very likely without that drastic move.

The CHAIRMAN. Captain, let me ask you your experience with the Reserves, and comment on what Mr. Roberts said.

Captain MATT. I have been in the Coast Guard Reserves since 1960, Mr. CHAIRMAN. I am a direct commissioned officer. I was commissioned as a result of the education I got in the State university.

The CHAIRMAN. Where are you from, by the way? Where do you live?

Captain MATT. I am originally from Indiana. I am a graduate of Indiana University. I have a degree in police administration and criminology. I attended law school there for one year while serving as a State police officer in the State of Indiana. I subsequently lived in Connecticut for 10 years, where, in my Coast Guard Reserve career, I was commanding officer of the Reserve unit at New Haven, Conn., Group Long Island Sound. That was a 3-year tour.

I have also been commanding officer of a Reserve unit that I commissioned in Owensboro, Ky., so I pride myself in saying I am a river rat and I am a coastal sailor also.

In addition, I served 8 years in the Naval Reserve prior to being in the Coast Guard Reserve.

My view is that we have fought this battle some 10 or 11 years ago; we are fighting it again, and when we come down to the Coast Guard Reserve itself and to what contribution it makes to the concept of strategic mobility, rapid deployment, that the Coast Guard Reserve is almost solely and exclusively responsible for the strategic ports at a time of mobilization and war and seeing that equipment, resources, personnel move smartly through those ports. That is our mission. That is what we are trained to do.

The idea of turning over that mission to, if you will, State and local authorities, I cannot agree with, unequivocably. Having been a State police officer; having served a considerable tour of active duty in the Coast Guard in recent times, the last tour being 2 years as project manager on the program to look into the possibility of maritime terrorism; having been recently in all of the strategic ports in the United States; I can tell you that local law enforcement is not trained, neither is it prepared, nor is it ready and willing to take over the responsibilities of moving military equipment

through our strategic ports. And hiring agencies or civilian commercial sources to do that is unthinkable.

First of all, the level of training of any detective agency that supplies uniform policemen is very, very low. They are paid very, very poorly. They are not experts. And yet all this time in the existence of the Coast Guard Reserve, we have spent training for one mission and one mission only, and that is port security and port safety.

So my view is that we have to beef up our capability in that particular area because that is the mission of the Coast Guard Reserve, and we have to be prepared to support what our sister services are doing and get them through those ports so that they can deploy and employ wherever it is required. And I hope I have been responsive to your question, sir.

The CHAIRMAN. You have.

Let me ask either one of you, how do you find the morale in the Coast Guard, in the regulars, as opposed to 5 or 10 years ago?

Captain MATT. I will be very candid. It stinks.

The CHAIRMAN. Why? I find the same thing, but I am curious as to why you think it is.

Captain MATT. Well, our people certainly are not unaware of what is going on, both on the Regular establishment and the Reserve establishment. And they feel like they are on a yo-yo. And yet we are continually asked to go in and relieve Regular forces on the weekend, as you have so ably pointed out, and it is Reserve forces in many instances that are manning the stations and doing the work.

Then when the Office of Reserve comes out and tells the senior officer corps, boys, do not put in for active duty for training this year because there is no money. If you want to go, the 2 weeks is on you. And when you go to the Regular side and say fellows, the Reserves do not want to come in and work because they cannot get paid for it and they are not appreciated, you work another 10 hours this week and another 10 hours next week. Then they read in the paper what is going on and they read in the Navy Times what is going on, and it cannot help but have a serious impact upon morale. And person for person, man for man, it stinks.

Mr. ROBERTS. I think that Mr. Trent's response to that same question about the enlistment rate and reenlistment rate has a lot more to do with the unemployment figures in this country than it does with the morale in the Coast Guard.

Captain MATT. That is correct.

The CHAIRMAN. That is an issue that we are going to get into I think eventually over the entire military, when the economy rights itself and the entire voluntary military service, as to whether or not, if we get down to 5 or 6 percent unemployment and a reasonable economy, will we be able to attract enough people to our services, considering the way we treat all of our services?

Mr. ROBERTS. Especially with the demographics that we have in sight, with the birth rate reflecting a lower population in that age group.

The CHAIRMAN. I made reference to that with social security, but we do know how many people were born in 1965 and 1966 and 1967 and when they become 17, 18, 19, and 20, and the figures are not in our favor.

Mr. ROBERTS. They are very discouraging. The Armed Forces as a whole will have to take one out of every three eligible males who are physically and mentally sound, and this is not going to happen, not very easily.

The CHAIRMAN. Of course if we include females, we can double that.

Mr. ROBERTS. Well, I have no objection to having females in. As a matter of fact, when I went in as Chief of Army Reserve we had 321 women out of 260,000, not counting several hundred nurses. When I left there, we had 13,000 women and now they have about 20,000. So we have been underutilizing an obvious talent.

The CHAIRMAN. I remember the Secretary's statement about 15 percent and then 35 percent. Why do you not elaborate a bit on the Coast Guard in wartime.

Mr. ROBERTS. The Coast Guard in wartime is vital, for many obvious reasons. Almost all of its present requirements are also wartime requirements, with some possible search and rescue operations which might be cut down. But certainly the port security is absolutely vital, as Captain Matt has pointed out. If we are going to have a rapid deployment force with seaborne equipment, it had better get out of the harbor before it gets sunk.

The CHAIRMAN. We do not have the equipment yet.

Mr. ROBERTS. And in Vietnam, the Navy had its rear riverine forces but the Coast Guard did substantially the same mission in addition to other missions of navigational aid maintenance. You are looking at a guy who was landed in Normandy on D-Day in 1944 courtesy of the Coast Guard. They are no longer in that business, but they are quite capable of doing military assignments when called upon, which they are frequently.

The CHAIRMAN. Gentlemen, thank you. I have no more questions. I found your statement, Mr. Roberts, very good. Captain, thank you for coming along today.

Captain MATT. Thank you, sir.

[The statement follows:]

STATEMENT OF MAJ. GEN. J. MILNOR ROBERTS, AUS (RETIRED), EXECUTIVE DIRECTOR, RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

Mr. Chairman and members of the committee, it is a pleasure to have the opportunity to appear before this Committee for a presentation of the views of the Reserve Officers Association (ROA) concerning the United States Coast Guard and the Coast Guard Reserve. I am accompanied by Capt. A. Robert Matt, USCGR, ROA's national Coast Guard Affairs Committee Chairman.

As you are probably aware, we testified last September before the House Subcommittee on Coast Guard and Navigation during their Coast Guard oversight hearings. The "Semi-Paratus" report resulting from those hearings contained many of our comments and recommendations. To briefly summarize, however, that testimony concluded with the following recommendations:

1. Recognize the Coast Guard and its Reserve as a military force and insist they be adequately funded whether the source is from DOT or some other source, such as DOD.

2. Provide capital asset funding to the levels stated by the Commandant to insure that the Coast Guard and its Reserve is a viable force in both peace and wartime.

3. Increase the Coast Guard Selected Reserve authorized ceiling by 5,000 billets at the rate of 1,000 per year for the next five years.

a. Provide increased funding to support this Selected Reserve build-up to a level of 16,500 (approximately $150 million) to insure a viable Coast Guard Reserve.

4. Immediately authorize an increase in Reserve Flag billets from two to four. Over a period of five years increase the authorized number of Captains from 75 to 150 and Commanders from 350 to 600.

5. Provide for legislation mandating the Secretary to utilize a Reserve Flag Officer as the Chief of Reserve under 10 U.S.C. 265.

The concerns and conclusions presented during that testimony remain valid. The only actions which have occurred subsequently have been ones which further exacerbated the already perilous plight of the Coast Guard—I refer to the FY 1982 reductions, the absolutely appalling FY 1983/1984 budget proposal, which incorporates even further reductions, and conclusions and recommendations apparently being reached by the Coast Guard Roles and Missions study.

Before that House Subcommittee, we concluded that the Coast Guard and Coast Guard Reserve are not fully prepared to meet their statutory military duties as prescribed in 14 U.S.C. 1, which provides for the Coast Guard to be ". . . a military service and branch of the armed forces of the United States at all times." Unfortunately, nothing has occurred in the intervening months to allay our concern or change our conclusion!

Even though this is a hearing on the 1983/1984 Authorization, I would like to comment briefly on the FY 1982 funding situation for the Coast Guard. There appears to be general consensus on both sides of Capitol Hill that supplemental funding is essential if the Coast Guard is going to continue operations at the FY 1981 level. To that end, ROA strongly supports passage of S 2022 and HR 5348. We stand ready to assist in any way your efforts to gain this vitally needed funding. However, we are concerned that neither supplemental bill fully meets the requirements. We understand that the sponsors of each bill realize this, having incorporated different portions of the shortfall in their respective bills. Nevertheless, since neither bill is considered all-encompassing, ROA is concerned that some essential function may not be provided for in this "patchwork" approach.

Our analysis indicates that a total of $214.6 million in supplemental funding will be required by the Coast Guard in FY 1982. I realize that this is a matter under the cognizance of the Appropriations Committee. However, in view of this committee's intense interest in the Coast Guard, an itemization of the total supplemental amount supported by ROA is set forth below.

	Millions
Operating expense 4 percent 1982 offset	$46.3
Military pay increase	89.0
Civilian pay increase	5.0
Reserve training	5.5
Mandated support	20.8
Fuel cost increase	11.9
Aircraft level operations (HU 25A follow-on)	7.8
Miscellaneous increases (medical, postal, telecommunications etc.)	14.3
A.C. & I	10.0
R.D.T. & E	4.0
Total	214.6

An item of particular concern to ROA obviously is the Reserve Training shortfall. In the on-going crisis situation surrounding the Coast Guard, very little is mentioned about the Reserve. In all honesty it generally appears to be completely forgotten. However, as we have noted numerous times, the Coast Guard Reserve is essential to the accomplishment of the Coast Guard's port security mission, a mission which according to most National Security authorities, is the Coast Guard's primary mobilization responsibility. However, without $5.5 million in supplemental funding, Reserve training will be seriously affected. The readiness capability of the Coast Guard Reserve is already in question as a result of capital asset shortages. Further diminution of training will worsen an already borderline situation. For example, without this additional funding, 600 officers and 2,150 senior enlisted personnel will either voluntarily perform training duty in 1982 without pay, or not at all! Additionally, no enlistment or reenlistment bonuses are being authorized for Coast Guard Reservists throughout all of Fiscal Year 1982. The adverse impact on mobilization readiness training of these measures is patently obvious and the situation can only be evaluated as totally unsatisfactory.

One final item concerning FY 1982 funding—on 26 February 1982, the Secretary of Transportation announced to the Senate Appropriations Transportation Subcommittee that the previously announced reductions involving SAR functions, air stations, two district offices and most cutters would not take place. Furthermore, since

this decision left the Coast Guard "hanging-out," that a $15.5 million supplemental request to cover these items would be submitted to the Congress. A transportation spokesman now says that it is uncertain whether such funding will, in fact, be requested. Indeed, inquiry by ROA indicates no such supplemental request being processed in either DOT or OMB. Such callousness and breach of faith with Congress is incredible, but, unfortunately appears to accurately reflect the degree of non-support currently being provided the Coast Guard by DOT and OMB.

Turning now to the 1983/1984 authorization for the Coast Guard. There can be no question but that the budget proposed by the administration is totally inadequate. We understand that your committee is preparing Authorization legislation for fiscal year 1983/1984 which will reflect substantially increased levels over the Administration proposal. While we have not had the opportunity to review Senate efforts in this matter, ROA strongly supports the direction that we understand you to be taking. We have had the opportunity, however, to review the Authorization legislation sponsored by the House Subcommittee and wholeheartedly support their efforts. While we have no specific opinion regarding several of the sections contained in H.R. 5617 involving reports, bridge responsibilities and regulations, certification standards, etc., ROA most strongly supports the following House Subcommittee proposals and would urge similar Senate action.

1. Operating expenses:	
1983 (billions)	$1,842
1984 (billions)	2,026
2. A.C. & I.:	
1983 (millions)	670
1984 (millions)	700
3. R.D.T. & E.:	
1983 (millions)	30
1984 (millions)	33
4. End-of-year strength:	
Military	41,500
Civilian	5,484
5. Student-year levels:	
Recruit and special training	3,660
Flight training	118
Professional training	655
Officer acquisition	1,308

For the first time in many years, these levels, if passed, would provide a small amount of real growth in the Coast Guard. Such a trend upwards is absolutely essential if the Coast Guard is going to adequately perform its peacetime responsibilities and maintain the statutorily mandated level of military readiness for wartime. Again, we in ROA stand ready to assist in any way possible.

The United States Coast Guard is by statutory mandate one of this Nation's Armed Forces. ROA's concern is the fact that it is rapidly ceasing to be one. We have observed that advocates in the administration have, by design or neglect, reduced the ability of the coast Guard to maintain its state of military readiness. The Department of Transportation is required by law to provide resources necessary to insure readiness of the Coast Guard for wartime operations with the Navy in order to fulfill its assigned functions as a specialized service. Those responsiblities are not a mere adjunct to the Coast Guard's peacetime duties, but are the center piece to the whole of the Coast Guard's roles and missions. ROA believes that the nation should be able to rely on a Coast Guard that can meet its vital mission in the event of war and objects to any attempt to reduce the basic Coast Guard support of our national security. All that the Coast Guard does in its peacetime role of law enforcement and the facilitation of safe maritime passage contributes directly to its wartime mission. All personnel and equipment of the Coast Guard and the Coast Guard Reserve have wartime commitments. The recent cut-backs of the peacetime resources of the Coast Guard directly affect the viability of the Coast Guard and the Coast Guard Reserve to meet its assigned wartime assignments within the Navy.

For some reason, the Coast Guard does not enjoy any enthusiastic support from OMB. As we all know, it was the only military service whose budget was not increased when President Reagan submitted a supplemental Fiscal Year 1981 defense budget and an amended FY82 budget last March. The 1983/1984 submission follows the downward trend with a vengence! Reasons for the Coast Guard's budget problems at OMB are not clear. But some of the staffers who oversee the Transportation Department (and therefore Coast Guard) budget may be as unenthusiastic about the Service's peacetime duties as they are about equipping it better for wartime roles.

It certainly is obvious to anyone who has followed the recent attempts to reduce Coast Guard operations, that there is clear evidence of Department of Transportation determination to thwart Congressionally mandated missions. During the last decade, while residing in the Department of Transportation, the Coast Guard has experienced crew reductions on their 27 year old average age ships—certainly not a indicator of strong departmental support. The proposed FY83 budget indicates a continuing reduction of approximately 10 percent of the regular forces and 11 percent reduction in Reserve forces, with no increase in operating expenses and the A, C & I account. All this is occurring while the other Armed Services are receiving significant budget increases.

The recent efforts to civilianize the port safety and port security function by several managers in DOT and OMB have further threatened the military character of the Coast Guard and Coast Guard Reserve. The expertise of the Coast Guard in this vital field is this nation's insurance for the safe flow of strategic personnel and materials through the port.

Whatever the reason, there are those in DOT and OMB who appear to be promoting the eventual demise of the Coast Guard. I have appended a recent article from "NEWSDAY" in which the writer has drawn the same conclusion. His investigative report has uncovered several other very disturbing facts of which this committee should be aware.

I would like to summarize other letters which we have also appended to our prepared statement.

(1) William Clark, the White House National Security Advisor, in a letter to Secretary of Transportation Drew Lewis, expresed concern about the apparent direction being taken by the Coast Guard roles and Mission Study. He noted the "grave reservations" of the Defense Department with the study draft paper and directed that the study take full cognizance of the Coast Guard's contribution to national security. He warned the Secretary not to make major changes in the Coast Guard which would dilute the administration's long over due improvement in national defense.

(2) Louis Guiffrida, Director of the Federal Emergency Management Agency, in a letter to the Deputy Secretary of Transportation, Darrell Trent, expressed similar concerns and stated, "an effective Coast Guard is vital to national security."

(3) Francis West, Assistant Secretary of Defense for International Affairs, in a letter to the Assistant Secretary of Transportation pointed out the inconsistency of the study draft paper and the ongoing NA GUARD Board efforts. He recommended redrafting to reflect the statutory and historical view of Coast Guard Roles and Missions.

(4) Finally, in a letter to Deputy Secretary Trent, Colonel Moretti, Chief of Staff, Military Traffic Management Command, questioned the study recommendation which would transfer port safety responsibility to state and local governments. he stated that the primary responsibility, which currently resides in Coast Guard, to safeguard United States ports should be increased—not delegated hither and yon!

I commend the Newsday article and the letters to the subcommittee's attention. They most cogently set forth the national security concerns which are involved in current efforts to down-grade the Coast Guard.

ROA concurs completely with these expressed concerns and deplores in the strongest possible terms these attacks on the Coast Guard. As we stated in September, the military readiness of the Coast Guard and Coast Guard Reserve must be increased—not diminished! Both are absolutely essential to the successful implementation of the concept of rapid deployment and strategic mobility. We must, as a nation, recognize the contribution of the Coast Guard and Coast Guard Reserve to our national defense and fund them accordingly.

In view of the continuing lack of support of the Coast Guard military readiness mission within the Department of Transportation, the ROA adopted resolution Number 82-4 on 16 February 1982, supporting transfer of the Coast Guard to the Department of Defense. The full resolution is appeneded for your information; however, I would like to take a moment to comment on the resolve clauses of this resolution.

"Be it resolved, That the Reserve Officers Association of the United States supports legislation to transfer the Coast Guard and Coast Guard Reserve to the Department of Defense in its present organizational form and current mission; and be it further *"Resolved,* That the Reserve Officers Association of the United States urges the President and the Department of Defense to fund the Coast Guard to a level adequate to effectively carry out its lawful missions."

This resolution was enacted with the full recognition that ROA was concerned, not so much with where the Coast Guard fits organizationally, but to insure that it fits within a department where the national security issue will be recognized and

supported. We realize that the present problem is not automatically solved with a move between departments. It may well be that there is a more fundamental question to be dealt with—that being lack of Departmental support which will enable the Coast Guard to meet its congressionally mandated mission, both in war and in peace.

One final area of concern which I have not yet specifically addressed is the proposed strength reduction of the Coast Guard Reserve. We realize that the strength of the Coast Guard Reserve is set by the Armed Services Committee and is not therefore, a matter properly before this committee. Nevertheless, the proposed reduction is so totally lacking in logic that we urge all members of Congress take the necessary action to reverse this proposal.

ROA is appalled that the administration proposes a Reserve strength for FY 1983 of 10,700—a reduction of 1,300 from fiscal year 1982. Last year Congress authorized the first increase in Coast Guard Reserve strength in over 10 years, albeit a small one. All indications were that the Armed Services Committees were prepared to recommend an increase of 1,000 for fiscal year 1982 as part of a phased increase towards the goal of 16,500. Inexplicably, however, the Coast Guard indicated an inability to process more than 300 additions. Accordingly, only a 300 man year average increase was approved.

To propose a reduction in a Component which is currently authorized at only 55 percent of its wartime requirements, is totally absurd—particularly in view of the fact that the other Armed Services Reserve Components are authorized at a strength averaging 86 percent of mobilization requirements. Admiral Vaughn recently testified that even when both the Selected Reserve and the IRR are mobilized, the Coast Guard will still fall some 6,000 people short of the 22,000 mobilization requirement (which requirement itself is probably low—not having changed in over ten years). This proposed reduction is simply incomprehensible!

ROA strongly recommends that, as a minimum, the Coast Guard Selected Reserve strength be increased to 75 percent of current stated requirements—16,500; and that a target date for attainment of this strength be established as 30 September 1985. Again, while we realize that Coast Guard Reserve sizing is not within the purview of this Committee, we urge that you exert all possible influence with your fellow members to start moving the Coast Guard Reserve towards a strength required to effectively carry out mobilization missions.

In accordance with our Congressional Charter, to insure adequate national security, the ROA is advising this Committee that the Coast Guard and Reserve must be recognized as an armed force. Further, that they must be provided with fiscal support commensurate with the other armed forces and at a level adequate to effectively carry out their lawful mission. No less can be accepted!

The CHAIRMAN. Let us take a quick 5-minute recess. We will take up again in 5 minutes.

[Recess.]

The CHAIRMAN. The committee will come back to order and we will take Mr. John Rau, the president of the Navy League.

Mr. Rau, do I understand you flew in from California on the midnighter last night?

STATEMENT OF JOHN M. RAU, NATIONAL PRESIDENT, NAVY LEAGUE

Mr. RAU. Yes, Mr. Chairman. I am about just 1 hour off the airplane, but I appreciate you letting me trail so that I could have a shower and shave.

The CHAIRMAN. You are a better man than I am. I have tried that flight many times, and except under the most incredible circumstances, I do not try to do something alert and intelligent in the morning when I get here. So I appreciate your willingness to try it.

Mr. RAU. I may not be alert or intelligent, but we were honoring the mayor of San Francisco for her participation in Fleet Week, Navy Fleet Week, so I am quick taking my Navy hat off and putting my Coast Guard hat on.

The CHAIRMAN. Are you going back this afternoon?

Mr. RAU. No. In my younger days I might have done that. I am going to stay over until tomorrow.

The CHAIRMAN. Good. Go right ahead, sir. Your entire statement will be in the record. You do not need to read it in total. We try to keep our witnesses within a 5-minute limit, but your entire statement will be in the record.

Mr. RAU. I hate being read to myself. I think, Mr. Chairman, I would like to highlight a few items from my statement, which you have before you. I would like to point out that some of the remarks in there are based on travels that I have had with the Coast Guard. I have been to Haiti, Key West, Guantanamo Bay with them, at sea. I have been to the Antarctic, in the New England area, and on the west coast, et cetera. So I am speaking from a certain amount of personal knowledge, and I think that comes through in my statement.

I did not wish to regale you with a number of statistics and all of those things. I am sure that the testimony that you have gotten, and certainly as I refer to the statement that the House prepared last December, it was replete with a great deal of numbers.

Frankly, the two points that I emphasize are one, that we are not in a condition of a sudden catastrophic drop in the Coast Guard. This has been coming a long, long time and I believe that we are all to blame. We in the Navy League take responsibility. I have said that for about a year. We should have taken the Coast Guard on a long time ago as their friends and said you know, you should realize that you cannot keep doing these missions without resources. I have to say that they are at fault for not having protested and made necessary cuts before, and certainly the Congress and the adminstration have to bear responsibility as well.

What they did is what I tried to point out. They have taken it out of the hides of their people, and also wearing out the capital assets, the too few assets, much too quickly.

I think it is important to recognize one thing that people sometimes forget. We are dealing with an armed force here. This is a military element of our defense in time of war, and in time of peace it is a human lifesaving, safety, law enforcement, et cetera, multimission agency.

But if we have any serious problems in the world today, it is my belief that the short ships of the U.S. Navy are going to be long gone, over the horizon. They have a big blue water problem, three oceans, and the coasts of the United States, the Caribbean, those areas are going to be left to the U.S. Coast Guard. They are really going to be the guarders of our coast.

I think I have pretty well conveyed in my statement—after all, I come from California where we had a Governor who used to say "squeeze, cut, and trim." He is now working with you all here in Washington, at the other end of Pennsylvania Avenue. I think we ought to point out that the Coast Guard has squeezed, cut, and trimmed for many, many years, and while most of the departments are now being cut back and pruned and trimmed, except for the Department of Defense, the Coast Guard has been lean and mean for many, many years, and there just is nothing in my judgment there.

I think that those are the important points that I wish to convey, emphasizing on conclusion, Mr. Chairman, the fact that one, we are in a condition that has been building for many, many years. I would be happy to expound on that if you wish. And two, the way it has been met is by working our Coast Guard people 60 hours, 80 hours, 96 hours, the machinery too hard and everything else like that, and that is a degenerative process that keeps getting worse. As the ships wear out and they are not maintained, the people get more frustrated; some of them leave; the ships are more poorly maintained; they do not have time in the yard. They go downhill faster, and the whole thing spirals into the ground. I think that is really where we are at today in the U.S. Coast Guard.

Thank you for the opportunity to present my statement.

The CHAIRMAN. Do you think the Coast Guard ought to be merged into the Department of Defense?

Mr. RAU. No, Mr. Chairman. I do not think that is an appropriate thing to do. If you will permit me, I can tell you why. First of all, I think that friends of the Coast Guard, with all good intentions, want to see where there is some money, and right now the Department of Defense has a lot of money and gee, we ought to go over there and we could get them funded, plus the fact of course that the Coast Guard has a very vital defense mission.

When I say I do not believe that they should be in the Department of Defense, that is not because I denigrate or in any way depreciate their military and defense mission, but we have a mechanism that the Coast Guard immediately becomes part of the U.S. Navy under the command of the Navy, coordinating with the Navy. It has been tried and tested since World War II and I think probably even behind. My own personal experience only goes back to World War II. It works very well.

In peacetime, there are so many other missions of the Coast Guard that are best served by white hulls rather than gray hulls, in my judgment, particularly some of the diplomatic and law enforcement missions, where a military-identified Department of Defense organization might well create some international incidents when the Coast Guard can quite easily do what they do as a separate department.

I could give you arguments to put them in State, Commerce, Treasury, Justice, Transportation, Defense, et cetera. So feeling that there are seven or eight different departments they could be in, I guess my judgment is they ought to stay where they are so as not to upset them any more. But I really do not believe that Defense is where they belong, despite the tremendous importance of the defense mission.

The CHAIRMAN. You were recently out, as I understand it, on one of the ships during the Haitian interception. Is that correct?

Mr. RAU. Yes. I was on two of the cutters down there and with one of them at sea doing Haitian interdiction operations.

The CHAIRMAN. Give us some firsthand observations of the living conditions, the working conditions. How old were the ships you were on?

Mr. RAU. Well, those particular ships, 378's, are probably in the better condition of the Coast Guard. I was also in Antarctica on a

27-year-old icebreaker, as well as a brand new one. I could give you some comments on that.

But you are still in a situation where you are deployed. It was kind of an interesting thing for me, Mr. Chairman. *Chase* was all happy, going home. This was right before Christmas and they were going to be in Boston by Christmas time. And *Gallatin* was down there and they were picking up the duty, and those young men and women were not going to be home for Christmas. And this is not a wartime issue or anything else, but they were doing their duty.

Living conditions on any ship, any of our ships, are pretty difficult. The morale is high. I think the morale is high due to two things: one, leadership, and two, rising to the challenge instead of going under on the problems.

There is a constant battle with maintenance and repair, with shortages of spare parts, and with equipment that is wearing out and has not yet been in the yards enough. Now I would say that those cutters were showing the signs of too much use. The *Glacier*, for example, is a far different case. It is way, way over the hill, and some of the other Coast Guard ships have just been brutally worked almost to death.

But the Haitian interdiction is kind of an interesting thing for our Coast Guard people, and some of the things they have to do there are probably things that no one would contemplate the Coast Guard doing.

The CHAIRMAN. I had not thought about it until just now, but when we moved into our house here when I was elected, the previous owners, for reasons beyond me, had built into a wetbar in the basement with those automatic seltzer-squirting devices, and they had several of those big cartridges about 3½ feet in size. We had no use for them, so we had a gigantic garage sale and my wife said oh, put those out; somebody will buy them. She is an experienced garage sale purchaser herself. She said you will be amazed at what people will buy at these things.

Some fellow from the Coast Guard who was rotating duty in Antarctica bought them and was planning to paint them red and pump them up with air and use them as buoys. He said the ship was short. I thought to myself, my God, has it reached that stage? Has it reached that stage?

Mr. RAU. I will tell you, on the *Glacier* down in Antarctica, sir, I was in the Navy both in World War II and Korea as a first class petty officer, both before and after I went to college, so I always try to get with the first class. I try to get in the engine rooms and things like that, with the chiefs.

We went down in this ship and this first class machinist took his flashlight and he said see, see, see there and there and there, and he is showing me all the hose clamps that he has on this piping, which is what is keeping that ship running. The most valuable tool he has is a hose clamp. They have 10 Fairbanks-Morse diesel engines and if they can keep 6 or 7 of them running, it is a good job, and what is the problem? No spare parts because Fairbanks-Morse does not make them any more.

So I am sure that if ever there was a garage sale for Fairbanks-Morse diesels, you would see some of your Coast Guard people there buying them.

The CHAIRMAN. Well, I have some old sections of hose.

Mr. RAU. It is hard to convey the impact on the people that the material degradation—we have been consuming our capital in the Coast Guard and in the U.S. Navy as well for 10 or 15 years. And as you consume capital, you take it out of the remaining physical assets and then you start taking it out of the personnel assets, in my judgment.

You know, none of these ships have water hours. They are working very hard in dirty, oily conditions, sweaty conditions, and then you get a shower every 5 or 10 days. You cannot always wash up. So the working conditions are not all of the best.

And of course 12-hour days, 7-day weeks, that is the basic workweek. Now anything over that is just a little extra.

The CHAIRMAN. However, the 5- to 10-day showers does not distinguish those people from my 15-year-old son, as best I can tell.

Mr. RAU. Perhaps that is by his choice. I doubt that you impose water hours at your home.

The CHAIRMAN. That is true. No, when he finally does get in the shower, all the hot water disappears.

Mr. RAU. When they get a little older and they get in the service, they at least try to teach them a little different habits of personal hygiene.

The CHAIRMAN. Mr. Rau, thank you very much. I know it was not a convenient trip for you to come, flying in overnight, and your written testimony was most helpful and I appreciate your oral presentation. I cannot thank you enough for taking the time.

Mr. RAU. I appreciate the opportunity to appear before you and put these things into the record because we in the Navy League, supporting all four sea services—the Navy, Marine Corps, Coast Guard, and Merchant Marine—feel that it is very important for us to speak up. People have suddenly discovered the sorry state of the Coast Guard. We have been worried about it for quite a while and are very pleased that you are worried about it, too. Thank you very much, sir.

The CHAIRMAN. Thank you for coming.

[The statement follows:]

STATEMENT OF JOHN M. RAU, NATIONAL PRESIDENT, NAVY LEAGUE OF THE UNITED STATES

Mr. Chairman and members of the committee, I appear before you today as the leader of over 42,000 American citizens dedicated to the support of SEA POWER for our country, and of the United States Coast Guard as an element of that sea power. I should point out that unlike most military support organizations, none of our members is on active duty with any branch of the United States military, nor are we an organization restricted to retired officers or other career military. Mostly, as I have said, we are ordinary citizens dedicated to the support of sea power.

I also wish to share with you some of my personal observations gained in travel literally around the world and from the South Pole to the Artic Circle, visiting and working with the men and women of our sea services. I hope these views, gained in many instances through rapport resulting from my own service as a Navy first class petty officer in two wars, will be of use and interest to you.

My testimony today is predicated on two facts: (1) That the condition the United States Coast Guard finds itself in today is not the result of sudden, unexpected, or accidental actions; and (2) that the combined impact of an increase in missions and lack of adequate funding is having a disastrous effect on the people of the Coast Guard.

I shall not attempt to provide you with a long list of statistics; I know that other testimony has been and will be fully adequate in that regard. I commend to you the Oversight Report of the Committee on Merchant Marine and Fisheries of the House, No. 97-355, dated December 3, 1981, presenting data with regard to the Coast Guard operations that are truly startling in their reflection of the decline in Coast Guard capabilities. We are in substantial agreement with the summary findings and major recommendations of that report. Rather, my testimony will be that of a businessman and taxpayer, and also a distressed American citizen who both recognizes a need for what the Coast Guard does and lives in an area wherein loss of capability will have dramatic amd tragic results.

Over a number of years, the vital and significant missions of the Coast Guard have continued to expand as many of the nations of the world have unilaterally increased the limits of their territorial waters from 3 to 12 to as much as 200 miles; as oil spills and oceanic pollution became matters of great national concern; as the interdiction of drugs and illegal refugees became a growing national problem; as commercial shipping and recreational boating have both increased at exponential rates, and port and personal safety problems were accentuated; and as the economic value of coastal fisheries and the offshore oil industry increased in importance.

Despite the fact that the Coast Guard has not received a proportionate growth in resources to go with these expansions in mission, it has continued to be the "can-do" service. Operating "lean and mean," it long ago took all the slack out of its rope. Now the strain is causing the strands to snap. Far from being a "ploy," as the distinguished Senator from North Dakota is quoted as suggesting, the current cuts in service are long overdue.

This erosion in adequate support has resulted, we believe, from a number of factors. First, over the last two decades those responsible for budgeting for the military and maritime needs of the Nation have come to rely far too heavily on computerized analyses and studies compiled by individuals—often nameless and faceless—completely lacking the absolutely essential operational experience vital to the factual interpretation of such data. The Navy still is suffering from the effects of disastrous over-reliance on studies of cost effectiveness in the 1960's. In recent years, it has been the Coast Guard's turn to suffer because budget cutters refused to heed the wisdom of those charged with leading the Coast Guard, and, instead, slashed funding because of what their own computerized studies told them. Sadly, they apparently chose to relate Coast Guard operations only to the dollar sign, rather than to the value of property and lives. No more gross tragic error could have been made!

Second, we believe a portion of the blame for the sad state of the Coast Guard today must be borne by the Coast Guard itself. We have the utmost admiration for those who unstintingly assume more and more of a burden while at the same time carrying out their mission with steadily declining resources. Yet, we believe, those same courageous individuals also have a responsibility to blow the whistle, to say: "No, we can't do that." Had they perhaps done that a few years ago, the Coast Guard's plight would not be so perilous today. While all budgets—except defense—are currently being subjected to needed cuts, the Coast Guard has had many *years* of budgetary shortfall. Another aspect of the problem that is not recognized sufficiently, is that the Coast Guard, despite being domiciled in departments other than Defense, is an armed force, and as such is responsible for the defense of our country. Because the U.S. Navy now has a three-ocean blue-water problem, its assets are spread thinner than ever. In time of tension or war, it will have far-flung responsibilities in the GIUK gap, the Indian Ocean, the Mediterranean, and the Western Pacific. In such times, the Coast Guard, as a consequence, will of necessity be required to contribute far more to the defense of our own coastal waters and the Caribbean, despite its own limited assets. Current peacetime operations for drug and refugee interdictions could well become anti-sabotage patrols. Port safety would become port security. Cutters on fisheries patrols would have an added ASW responsibility. These are only a few of the additional chores that could—and would—be thrust upon that already overburdened, and progressively more ill-equipped, service.

Let me hasten to specify that this is *not* support for the transfer of the Coast Guard to the Navy or DOD. While that thought currently is seductive to friends of the Coast Guard—since Defense "is where the money is"—there are, we believe, many reasons *not* to put the Coast Guard there. In time of war, the transfer is immediate and has been successful. In peacetime, the many missions of the Coast Guard could qualify it for any of a half-dozen departments, so we believe it is best left where it is—Transportation. (This is a matter subject to extensive amplification.)

Let us turn from consideration of missions and budget to a look at the practical consequences of what has happened to the Coast Guard thus far. Frankly, my per-

sonal conclusions, gained through working and talking with Coast Guard people from the Commandant to seamen and firemen and particularly with the Coast Guard's senior petty officers—the backbone of any maritime force—and being in engine rooms, on bridges, in berthing compartments, in electronic spaces, etc., etc., are these: The Coast Guard, more than ever, is getting the job done and making up for funding insufficiencies by taking it out of the hides of its people—our people—and by continuing to consume its capital. We as a nation are wearing out the Coast Guard's personnel and physical assets at an accelerating rate, through fiscal neglect. This is a progressively degenerative process.

On a 27-year old icebreaker, for example, young men and women work to keep 6 or 7 out of 10 diesel engines running without adequate spares, and in many cases, parts for those engines are no longer even being manufactured. They often work 96 hours a week, and sometimes longer, with an astonishing absence of even the most basic personal comforts. They are dirty, grimy, faced with water-hours restrictions, and, if they are lucky, can get a shower every 5 to 10 days. Those same young Americans become adept at juryrigging, at making Rube Goldberg look well organized. One ingenious petty officer told me: "My most valuable spare part, bar none, is a hose clamp!" I know these comments seem almost unbelievable in these days of high technology and supposedly modern maritime forces, but seeing is believing!

A listing of 20 or 30 such examples would serve no further purpose. The point is, the lack of spares, of enough ships, of yard overhauls and maintenance periods, and of replacements, seriously compounds the problem. What's more, this is simply bad business practice. Having inadequate spares means frustration. Skipping proper yard time simply makes the job more costly when yard time finally does become available. All of these deficiencies combined sometimes means not getting the job done. That's stupid! And when lives are at stake—it's tragic! But it's happening regularly, and skilled middle-grade people are quitting as a result. So those remaining are worked harder than ever, and material levels deteriorate further. Such a downward spiral can end only in disaster.

The Coast Guard estimates that for every dollar invested in it, American and Americans receive a return of $8. That probably is a conservative estimate. Yet today, if the spiral referred to above is continued, I wonder if we won't be in a position where that ratio is reversed! Is there a better business investment to be made?

I recognize, Mr. Chairman, that since the furor started over the reductions and closings, the Secretary of Transportation has taken steps to reduce the numbers of base closures, ship decommissionings, etc., that the Coast Guard had resigned itself to taking. Such action is welcomed with a sigh of relief. But I hope, Sir, that you and your colleagues will recognize that this represents only a skirmish, and that the war is far from won. The multi-year erosion of capability must be halted and reversed. The country is committed to building up its defense capabilities, and the Coast Guard, as an integral part of the nation's defense structure, must be provided the modern resources it needs to fulfill its role. It also must have them for its peacetime missions, missions that are unlikely to diminish in the years to come. We ask that you provide those resources * * * Now.

Thank you.

The CHAIRMAN. Next we will take Mr. Richard Schwartz, the executive director of the Boat Owners Association. Good morning, gentlemen. Go right ahead, and who do you have with you?

STATEMENT OF RICHARD SCHWARTZ, EXECUTIVE DIRECTOR, BOAT OWNERS ASSOCIATION OF THE UNITED STATES, ACCOMPANIED BY MICHAEL SCIULLA, DIRECTOR OF GOVERNMENT AND PUBLIC AFFAIRS

Mr. SCHWARTZ. I have with me Michael Sciulla, our director of governor and public affairs. I am Richard Schwartz, executive director of the Boat Owners Association of the United States, or known as BOAT/U.S. BOAT/U.S. is the largest national service organization of individual boatowners in the country today, with almost 100,000 members in all 50 States.

Mr. Chairman, recreational boatowners are very concerned with what has been happening to the U.S. Coast Guard in recent years. They are very aware of the budgetary constraints and added re-

sponsibilities that have combined to stretch the service to its limits. I would like to outline for you a proposal which we believe will free up Coast Guard operating expenses, limit the expenditure of its scarce resources, and also to speak in a constructive manner to the President's New Federalism approach to Government.

Our proposal would pursue this objective by following through on one of the administration's fundamental policies—that Federal expenditures can be reduced if those who directly use Federal services help pay for them.

The CHAIRMAN. Say that again.

Mr. SCHWARTZ. That Federal expenditures can be reduced if those who directly use Federal services help pay for them.

As this panel is well aware, the 96th Congress, at the behest of this committee, 2 years in advance, I might add, of New Federalism, enacted into law the Recreation Boating and Safety Act of 1980, Public Law 96-451. A trust fund for boating was established which is funded by user taxes from the 4 cents per gallon Federal excise tax on motor fuels used by boaters. Of the $30 million annually attributable to recreational boating, $20 million per year is now being deposited in the fund.

Unfortunately, this model program has remained unfunded because the administration and OMB simply misunderstood the program. They only saw one side of the program, outlays. They missed the budgetary savings side.

With some modification, we propose that it now be put into full effect so that Coast Guard operating expenditures can either be reduced or freed up for other needs, and we can implement the administration's user fee and New Federalism policy.

We suggest a four-part self-funding program. One, that one-quarter of the Fuel Tax Trust Fund revenue be divided among all the States for their boating safety, education, and enforcement efforts, based on Public Law 96-451 formula, and as the 1980 act now calls for.

Two, that one-quarter of these revenues be divided among the 25 coastal and Great Lake States and be earmarked so that these States can develop search and rescue programs capable of augmenting Coast Guard efforts. From an ever-increasing number of boaters, we are hearing that Coast Guard units are not responding to calls for assistance. Instead, other assistance is being sent.

In the 5 years from 1977 through 1981, direct Coast Guard facility responses have dropped 15 percent from 72,000 in 1977 to 61,000 in 1981. During this same period the number of recreational boats has increased by more than 1 million. Much of this slack is being taken up by the volunteer auxiliary, the State marine police, and other boaters.

There is no fault here, Mr. Chairman. We are simply documenting the fact that without an operating budget, which includes sufficient money for fuel, for example, the Coast Guard cannot be expected to provide the degree of assistance that is necessary. A steady revenue source for the coastal States dedicated to search and rescue, particularly for the purchase of smaller boats tailored to assisting recreational craft, will allow the Coast Guard to reduce its search and rescue operational expenditures. Perhaps the day is not too far away when the States would respond to calls for assist-

ance within 3 miles of the coast, leaving the Coast Guard to coordinate their activities and to patrol and provide assistance on the high seas.

Three, that one-quarter of these revenues be returned directly to the Coast Guard to fund Coast Guard Auxiliary operations. The Auxiliary is an essential arm of the Coast Guard. It provides nearly 25 percent of the Coast Guard's entire search and rescue effort, and is a significant factor in the Coast Guard's boating safety and education efforts.

Auxiliarists are at the vanguard of the administration's call for volunteerism. These 40,000 volunteers are private boatowners directly helping other boatowners, and they could be totally funded through one-quarter of the funds contained in the trust fund.

Four, that one-quarter of these revenues be returned directly to the Coast Guard to fund those programs which establish recreational boating safety standards for the design and construction of new boats, as well as for the Coast Guard's defect notification program, and to support the maintenance of aids to navigation used principally by recreational boaters.

The Coast Guard's recreational boating standards and defect programs are essential to safe boating and will be gutted unless drastic action is taken to preserve them. They are at the heart of the Federal Boat Safety Act of 1971.

In addition, we understand that in order to cut operating expenses, the Coast Guard's first and third districts are in the early stages of a plan to eliminate hundreds of navigational aids used by recreational boatowners.

We suffer from no illusion, Mr Chairman, that the proposal we make today will result in any enormous budgetary windfall for the Coast Guard. However, we envision a significant reduction in Coast Guard operating expenditures attributable directly to recreational boating. We envision substantially further Coast Guard savings should the results of the Treasury Department study due at the end of October 1982 confirm what many in boating have felt all along, that there is substantially more than $30 million attributable to boating from the Federal excise tax on fuel. This would then give each of the recreational boating activities enumerated above more funds each year as boating expands.

We are confident that the transfer of duties from the Coast Guard to the States and to the volunteer Auxiliary boatowners, along with the direct funding of the few remaining Coast Guard boating responsibilities, by our own fuel tax funds, will result in Coast Guard operational savings which would be considerably more than the direct outlays from the fund itself.

In addition, Coast Guard recreational boating expenditures could be further offset should the Department of Transportation succeed in increasing the Federal fuels tax to 9 cents per gallon. We could very well be looking at a trust fund generating upwards of $80 million each year which could be used to offset additional Coast Guard expenditures in the field of recreational boating.

Mr. Chairman, one final thing. In order to lay the groundwork for achieving these savings, we suggest that the Boating Safety Act be revised to accommodate the proposal we have outlined and that

a multiyear reauthorization is in order since this legislation is now in its sunset year.

We would also suggest that language be included in the bill giving the Department of Transportation direct spending authority over the revenues placed in the fund. This would obviate a major problem we faced in obtaining a fiscal year 1982 appropriation. We found that because of the quirks of the budgetary process, expenditures from the fund were charged as competing budgetary authority against Coast Guard departmental totals. Consequently, there is a built-in disincentive against the program on behalf of the Coast Guard.

On behalf of our members, I would like to thank you, and we would be happy to respond to any questions.

The CHAIRMAN. Mr. Schwartz, before I ask a couple of questions, let me thank you again for the help in passage of that Boat Safety Act in 1980. For those in the audience who do not know, it was an unusual bill. Attached to it was a provision for reforesting the public forest lands of the western United States. It was an interesting and certain heterogeneous bill, but I think beneficial to the country generally.

You know the talk that is going around about contracting out Coast Guard functions, or is there a way that private enterprise can do some of it, whether it be port security or otherwise, even some thought that commercial assistance for recreational boaters could be some kind of an alternative to the Coast Guard. Do you want to comment on that?

Mr. SCHWARTZ. Yes, sir. We are beginning to see some of the effects of this now because the Coast Guard is now in more cases calling commercial towing in. We are running into an horrendous situation where the commercial boat pulls up, lays out the alternative of either we do it or we leave you, and then hands them a bill—we have actual cases on record—hands them a bill, in one case, for $1,800, a Florida case just recently. A big tug with a full crew came, totally unnecessary for this boat, but that is who showed up and the alternative was either being left or being taken in by that boat.

The fact of the matter is this is a totally unregulated field, and it is sort of like throwing us to the wolves, in effect. If the Coast Guard is not going to come and we do not have any other facilities to get to the volunteer force, the States or the auxiliary, we will be left alone out there at the mercy of these people who have a seller's market. It creates an horrendous situation.

What we need, if we could get some regulation of it, if we could get some training—the people are untrained for this kind of work—perhaps it might work. But I do not see it as being feasible because it is not economically feasible. There are a few metropolitan areas where there is enough activity to justify maintaining boats and crews, but this would be a long way from covering the entire coast of this country or its main rivers and bays. And as a result, you are going to get that where it is lucrative for them, they will do it, and where it is not, they will not do it and who will fill all the gaps of the hundreds of thousands of miles of waterways that we have?

The CHAIRMAN. Give me a response to this complaint, and you hear it more often than I do, especially with regard to inland lakes. The Coast Guard inspected my boat and then the county sheriff came and looked at the same thing and then the State police and that is why we have waste in Government. All these different agencies. Why cannot just one of them do it?

Mr. SCHWARTZ. Well, that is a good point. We are suggesting that a lot of these responsibilities be moved on down to the States, if we help the States out. And incidentally, we are only asking that we help the States out with our own money.

The CHAIRMAN. I thought it was a very good proposal and really, it is not overly generous. There is not that much money in it, but it is a start.

Mr. SCHWARTZ. And it can do the job, we feel. We feel it can do much more if it is not shackled, of course, by the overhead of a government agency. I am not saying the Coast Guard is inefficient. It is just an inherent built-in thing. We think the States can actually do a lot more of this more economically than can be done on a national level.

The CHAIRMAN. They perhaps could in many of the areas, and especially in inland waters where you are not talking about port security and you are not talking about drugs being smuggled in. It is almost solely a boat safety function.

Mr. SCHWARTZ. That is correct.

The CHAIRMAN. In most of those areas.

Mr. SCHWARTZ. That is correct. It is a boat safety function; a little bit of a regulatory function and a revenue function in the revenue fees.

The CHAIRMAN. It is even marginally revenue for most of the States, and I hope they do not start to look upon it as a large source of revenue.

Mr. SCHWARTZ. Right, I agree. No, it is a boating safety function and it is one where the Coast Guard is very inactive now. But for those few remaining functions where they may have an effect on the inland States, that is boating education, and the staff here has even been stripped. They do not even have money to publish the booklets any more, including the new Inland Rules of the Road. So it goes unpublished.

The boating construction standards, that staff has been stripped out of necessity, but there is no one now inspecting boats out in the field, or very, very little of that going on. The defect notification program is essentially stripped.

So in effect we have an illusion going on here, so we are facing up to it and saying let us take our own money. I might also say when I say "take our own money," you know we gave up the tax refund in boating without a fight for this fund.

The CHAIRMAN. I know it.

Mr. SCHWARTZ. Now we have it going in the fund and no one will let us use it.

The CHAIRMAN. Your frustration is very well justified because I remember very specifically what we intended when we passed it.

Mr. SCHWARTZ. Right. You were at the forefront of that fight, sir, and we appreciate it.

The CHAIRMAN. Well, we would not have made it without you. I appreciate your Statement. But we all know what we intended when we created that fund.

Mr. SCHWARTZ. Right, and it can do the job now and it is especially important now.

The CHAIRMAN. Gentlemen, thank you. I have no more questions. I appreciate your patience in waiting to testify.

Mr. SCHWARTZ. Thank you, sir.

The CHAIRMAN. You bet.

Next we will take Lt. Steven Smith, State law enforcement division, from Columbia, S.C.

Good morning, lieutenant. Your entire statement will be in the record.

STATEMENT OF STEVEN A. SMITH, SUPERVISOR, NARCOTICS SECTION, STATE LAW ENFORCEMENT DIVISION, COLUMBIA, S.C.

Mr. SMITH. Thank you, sir.

Mr. Chairman, it is indeed a privilege and a pleasure to be asked to speak to your committee on the matters of Coast Guard authorization for the upcoming fiscal year. As a lieutenant in charge of South Carolina's State narcotics unit and as a captain in the South Carolina Army National Guard, I have a twofold purpose for wanting to see the U.S. Coast Guard upgraded or at the very least maintained at its present level of manpower and equipment.

As the supervisor of narcotics, my concern is drug interdiction. As a captain in the South Carolina National Guard, it is national defense.

As I understand the mission of the Coast Guard, it is No. 1, search and rescue: No. 2, law enforcement; and No. 3, military preparedness. The Coast Guard in South Carolina appears to have adequate resources to handle the search and rescue mission. However, they are only equipped with enough manpower and equipment to handle approximately 1 day per week of law enforcement functions.

Traditionally, southern Florida has been known as the smuggling capital of the United States, but over the last couple of years, South Carolina and Georgia have grown to be very popular alternatives due to the increased emphasis being put on activity in that area. As a result at least partially of that emphasis, the 95-foot cutters in Savannah, Ga., and Charleston, S.C., have logged more hours of operation than any of the other cutters of comparable size in the Miami district.

South Carolina has only one 95-foot cutter assigned to Charleston, with the next closest being in Savannah, Ga. Both of these cutters are approximately 25 years old and should be replaced as soon as possible.

Additionally, we would ask that another 95-footer be assigned to the Coast Guard station at Georgetown, S.C., to relieve and assist the cutters at Charleston and Wilmington, N.C., and Savannah, Ga. In addition to the 95-foot cutters, we have a 41-foot cutter and a 17-foot boat at each of the stations in Georgetown, Charleston, and Savannah.

However, there are only enough personnel assigned to these duty posts to run one of these vessels at a time. This causes an excessive workload for the personnel presently assigned to the duty station. We would request that an additional 41-foot cutter with full complement of personnel be assigned to the Savannah and Charleston stations, along with the assignment of a 41-foot cutter at Beaufort, S.C., to assist in patrolling the 10 major inlets presently being serviced and housing approximately 100 marinas.

We would also ask that sufficient personnel be assigned to operate all of these vessels presently assigned to this area, as it appears to be a waste of equipment if there is not enough manpower assigned to operate a given piece of equipment at any given time.

There is very little support available for work in maritime smuggling, other than the Coast Guard, as Customs is only equipped with one sport fishing vessel and two smaller boats, and there are no vessels assigned to the Drug Enforcement Administration or the State narcotics unit.

As early as 1980, South Carolina, along with the other members of the State Drug Enforcement Alliance, has supported beefing up the Coast Guard in order to improve its capabilities in drug interdiction. We continue to support that position to the fullest.

In December 1980, SDEA published a booklet with supporting data that spelled out what we saw as the major effects of drug smuggling. These effects included corruption, violence, health, and the economic effects that are attributed to smoking. In South Carolina over the past few years we have seen evidence of each of these effects in alarming proportions.

According to the Drug Enforcement Administration's El Paso Intelligence Center, South Carolina and Georgia are second only to the State of Florida on importation of illegal drugs. With Vice President Bush's recent addition of DEA, U.S. Customs, and FBI personnel in the south Florida area, we expect to have a great influx of smuggling activity into our State, since historically the added emphasis in Florida has driven the smugglers north to South Carolina, Georgia, and North Carolina.

Our statistics show that between 1971 and 1981, South Carolina had an increase of 195,560 percent in drug seizures, for an average annual increase of 19,556 percent. This was done to a great extent through the support we received from the U.S. Coast Guard. As an example, between Thanksgiving, 1980 and Christmas, 1980, there were approximately nine vessels and 300,000 pounds of marihuana seized on our soil or just offshore in a cooperative effort by State, local, and Federal law enforcement agencies and the U.S. Coast Guard.

The increase in seizures indicates proportionately the increase in smuggling activity. We are proud, as I am sure everyone is, that we are seizing such large quantities. Yet knowing how the information was obtained on most of the seizures, it is easy to believe that we are catching less than 10 percent of what is actually coming in.

In a large number of these cases the seizures are as a direct result of an alert Coast Guard crew furnishing the information to law enforcement officers on shore. The Southeastern United States has enough manpower and budget problems as it is without having to fear losing the support of the Coast Guard at its present level.

South Carolina has 31,055 square miles of interior, and 2,876 miles of shoreline and inland waterway. We have 196,110 vessels registered in South Carolina with 960 being documented through the Coast Guard. Last year we had 1,819 commercial vessels that arrived directly from foreign countries into South Carolina, each being capable of smuggling contraband. And our State narcotics unit is comprised of only 18 people. We welcome the help from anyone.

I cannot speak for the other States, but the level of interdiction for South Carolina would be greatly hampered if there were any reduction in the level of Coast Guard participation. Thank you.

The CHAIRMAN. Lieutenant, I find your information most informative. I was unaware that the smuggling was moving that far north, although logically I guess it should if you are going to start heavy enforcement in the Florida area, that it is going to move north.

Mr. SMITH. Yes, sir.

The CHAIRMAN. You are the only State official we have had testify. Give me your experience in dealing with the Coast Guard, cooperation with the Coast Guard in your unit.

Mr. SMITH. All right. I have worked narcotics for almost 10 years. The greatest influx in smuggling activity probably started in the middle 1970's, and from that time until now, and I can speak as far as the State is concerned and for the most part as far as the other Federal agencies are concerned that are tasked with drug interdiction enforcement effort, that the cooperation between our agency, the other Federal agencies that work narcotics, and the U.S. Coast Guard has been nothing short of great. We have a great working relationship.

The CHAIRMAN. I have only read the stories about the problems in civilian morale, corruption, and cash transactions in southern Florida. Are you starting to see some of this in South Carolina?

Mr. SMITH. Yes, sir. Over the last few years we have seen a trend that appears that South Carolina is running only a few years behind the State of Florida on the different aspects that they have seen as far as the effects that are from drug smuggling. As I mentioned earlier, we, along with the other States of the State Drug Enforcement Alliance, met in Atlanta, Ga., got all of our ideas pretty much together, and put out a booklet that showed that the areas that we thought of as the affected areas from smuggling, and mainly you are talking about marihuana, methaquaalone and cocaine smuggling, but we saw them in the area of violence, and in the area of violence as far as South Carolina is concerned, we have had numerous times when we arrested people that were carrying weapons. In one particular instance the Coast Guard, as best I can remember, and this was in the latter part of last year, boarded a vessel and a subject was carrying a MAC–10 machinegun. It is basically a machinegun that is no larger than a pistol. We have had them shoot at us. We have had them threaten.

In one particular instance, a vessel known as the *High Rider* was entering South Carolina waters and met another shrimping vessel that was going out and threatened to kill him if he told anybody about the cargo that they were carrying.

Another of the effects that we see is the effects of corruption. We had an individual who had probably as promising a political career as anyone in South Carolina, from Darlington, S.C., who had been a candidate for a Federal judgeship, for U.S. attorney for the District of South Carolina, and other political positions, who was caught up in a smuggling scheme and ultimately sentenced to serve time in prison for his part in a smuggling venture.

We have seen the economic impact. You have, at a time when everyone is trying to tighten their belts and you have some poor shrimper out here who is barely able to feed his family and cannot even keep the payments up on his boat. His boat is not even seaworthy, as I would want to go out in it. And someone comes along and says: I know you are in trouble. We will completely refurbish your boat, put it back completely seaworthy, give you $100,000 or $50,000 if you will go offshore tonight and you will be back before the Sun is up in the morning. That is the answer to all of his prayers.

And I am sure we are going to see it more in South Carolina, as they have seen it in southern Florida, where the impact on the price of land—if you have some fellow that owns a piece of property out in the middle of nowhere but it is big enough to put an airstrip on, and the property is worth $45,000 and a smuggler comes along and tells him that for a cash transaction and to keep his mouth shut, he will give him a quarter of a million or a half a million dollars, it is obviously going to make the neighbor next to him feel like his property is worth the same thing. In a lot of cases, if the times are hard enough, he does not care where the money comes from.

Then we have the health effects of the drugs that are imported into the United States. You look at the health effects and over the last few years, and in the majority of the cases you are talking about marihuana because a lot of people thought for a long time that there was nothing wrong with smoking marihuana and that was one of the arguments that they gave at the time of arrest: what are you arresting me for? You know, marihuana will not hurt you. It is no more harmful than alcohol and some of those. But they are showing now that there are a lot of health effects that were not known of before.

The CHAIRMAN. Senator Hollings.

Senator HOLLINGS. Mr. Chairman, I am very grateful to you for conducting the Coast Guard hearing this year, and particularly for permitting this witness from South Carolina to appear. Going home on weekends, I am always sort of glad to be in the town and get out and not get arrested because they are always arresting someone down there. That is the story of the week every weekend I go home.

Perhaps you can elaborate on this for us, Lieutenant Smith. Various chiefs of police, game wardens, members of the Wildlife Commission, and everything else. Could you elaborate on that? Every time I look, they are arresting some more and trying them. Maybe the arrest has not been reduced to a conviction yet, but it is widespread, even in the law enforcement branch down there, is it not?

Mr. SMITH. Yes, sir. We had an incident at one time where one of our agents was approached. Lt. Billy Mozingo was approached in

South Carolina involved in one of the smuggling ventures that involved the gentleman I was talking about a while ago, the political figure. And in that particular case, he was told that he could make a quarter of a million dollars in 3 months.

In that particular instance and in another instance in Marlboro County, S.C., a deputy sheriff was approached, and in that particular instance we were able to use him as an undercover operative and seize a large four-engine airplane with a large quantity of marihuana.

But we also know, as is evident by the arrest of various public officials, as Senator Hollings has mentioned, that there have got to be occasions when people who are not thinking of themselves as well as the people who report it, or who are in some kind of financial difficulty, bend to the large amounts of money. We have had occasions where several hundred thousand dollars were seized out of various locations involving just one or two drug deals.

The smugglers have got the money to buy practically anything that is available to be bought in the way of protection, in the way of equipment. Were it not for the equipment we seize from the smugglers, and I am sure this is the answer at the Federal level also, were it not for the equipment that we seize from the smugglers, it would be very difficult to combat smuggling because a lot of the equipment we use to combat smuggling is the equipment we took from the smugglers.

Senator HOLLINGS. I think that should be emphasized, Mr. Chairman, that actually the criminals are supplying State and Federal Government. Otherwise, we could not do the job.

The CHAIRMAN. It is a form of revenue sharing.

Senator HOLLINGS. Actually, I talked to the U.S. Attorney's Office and they felt so deeply about this particular subject and trying to make certain that the Coast Guard was not cut, they were ready, willing, and able to come. They told me quite candidly that by the time their testimony was read, reread, gleaned and cleaned and censored in the various Departments of Transportation, Justice, and other executive branch offices, there was not any use for them to try to come. The testimony had to be cleared by all the various departments, and the testimony had to follow the policy of the administration, and that is why Lieutenant Smith—I said well, who is good at the State level for someone to come? That is why Lieutenant Smith is here.

Lieutenant, you are shorthanded all the way around. The DEA only have three agents down there in Charleston; is that not correct?

Mr. SMITH. That is right. As a matter of fact, Senator, we have been told that with the DEA personnel in Columbia, S.C., that we are going to lose the resident agent in charge. Bill Norsworthy is going to be transferred to Washington. Mr. Norsworthy has just gotten himself settled in. He has not been there a year and is doing a super job toward the cooperative effort of the drug enforcement effort in the middle to upper portion of South Carolina.

Senator HOLLINGS. But there are only three down in all those coastal areas, and this is significant to a committee that has coastal zone management jurisdiction, including all the barrier islands and everything. On the one hand, we provide for access and every-

thing else like that, but otherwise we in a sense disregard, if we are going to cut the Coast Guard budget, the very nature and attraction of our coastal inlets and the barrier islands, to drug traffic.

With respect to the agencies, I think you stated that—what is the relationship? Is it good, bad, with DEA?

Mr. SMITH. With the Coast Guard, it is excellent.

Senator HOLLINGS. Everyone is working together down there, as I see it. Is that not the case?

Mr. SMITH. Yes, sir.

Senator HOLLINGS. They have the best of relationships and it is just a matter of additional personnel. I remember the last Christmas when they offloaded at that bay, we had to call all the way to New York to finally get a Coast Guard cutter down to help us. They had one just anchored about 60 miles offshore, and it was offloading to the trawlers and then the trawlers would make the runs. And it took me a good month to get that Coast Guard equipment, actually a cutter, down in order to make that particular arrest.

What percentage, from your experience, do you think that we are really intercepting, interdicting, in the sense of what is coming through and getting past us and what we are really being able to stop?

Mr. SMITH. Senator, we seized in South Carolina $166 million worth of drugs last year, and I would guess that that was less than 10 percent of what actually comes in.

Senator HOLLINGS. Drugs are just coming through in all the places?

Mr. SMITH. Yes, sir.

Senator HOLLINGS. The real need, then, is for an increased effort and increased support, and of course increased financing of the Coast Guard budget as you see it?

Mr. SMITH. Yes, sir.

Senator HOLLINGS. The personnel within the Coast Guard are competent and able?

Mr. SMITH. Extremely competent.

Senator HOLLINGS. Enthused about their jobs? How would you describe working with them?

Mr. SMITH. I would say that they are enthused about their job. I am sure that just like everyone who is working in drug enforcement, and especially in their position, as I indicated, they have less manpower than they have in the way of the presently assigned equipment, which is an inadequate amount of equipment. But I am sure that they are pretty worn out, but they are doing basically the best they can do with the equipment they have and with the number of hours in the day.

Senator HOLLINGS. The Coast Guard talked about decommissioning the cutter *Escape*. That is the name of it, the *Escape* stationed in Charleston. How will the loss of this cutter affect law enforcement?

Mr. SMITH. Senator, the loss of any equipment in the South Carolina, Georgia, and North Carolina area is going to have a drastic impact in the ability of all the drug enforcement agencies to combat the smuggling problem.

It is also, as I indicated earlier, if there is a great deal of publicity, for instance, in the fact that the *Escape* is going to be moved out or deactivated or whatever, then that is a message to the smugglers that you have another gap. And basically, that is exactly what they do. It is practically like playing football. If you put a blocker in this position and they know it in advance, then they are definitely not going to run into that position.

That is the problem we have now with the increased emphasis that is being placed in southern Florida. With the increased emphasis down there and then the gap up here where they are going to decommission the *Escape,* it would be obvious if I were a running back, where I would be running. It would be straight into South Carolina.

Senator HOLLINGS. Mention was made, Mr. Chairman, and I do not want to take any more of the committee's time, but relative to the search and rescue mission, that has been hampered. I think the record should show that.

Over at Sullivan's Island, the crews have been removed there and they cut back the personnel and actually the Charleston Coast Station is administered from Miami. And that is totally inefficient. I can tell you that. You have to go 500 miles down to Miami. If you have a search and rescue operation, a small boat in trouble or something else, the Coast Guard has to fly a helicopter from Savannah, Ga., which is 100 miles away, another 2-hour trip for a chopper.

So it has not been that there has been too much emphasis on search and rescue, Lieutenant, as you see it? The Coast Guard is giving all the personnel they possibly can to drug enforcement and working with you, as you see it? Is that right?

Mr. SMITH. I would say that the added emphasis in manpower needs to be toward enforcement. And I would also say, realizing that the primary mission of the Coast Guard is search and rescue, that they have obviously got to have more manpower in that area in addition to the manpower allocation that is needed to enforce the smuggling interdiction.

Senator HOLLINGS. I am very grateful for you for coming up to testify before the committee. You have made a very, very important statement.

The CHAIRMAN. Lieutenant, let me echo that. I have found it most informative. I would not have thought to have called a state enforcement officer in narcotics, and you have illuminated, for me at least, a great deal. Thank you.

Mr. SMITH. Thank you, sir.

The CHAIRMAN. Thank you. We are adjourned.

[Whereupon, at 11:35 a.m., the committee was adjourned.]

[The following information was subsequently received for the record:]

STATEMENT OF HON. LLOYD BENTSEN, U.S. SENATOR FROM TEXAS

Mr. Chairman, I am pleased to have the opportunity to submit this statement in conjunction with the Coast Guard Reauthorization hearings.

My position on the Coast Guard is really quite simple. The United states must either increase the resources of the Coast Guard or else redefine its responsibilities under existing law. We cannot expect the Coast Guard to continue to be an effective and efficient operation unless we recognize that it is spread too thin with respect to

its responsibilities and it doesn't have the resources to do the job. Under present law, the Coast Guard is responsible for search and rescue missions, vessel traffic control, fisheries law enforcement, marine environmental protection, assisting the armed services, and other law enforcement priorities, such as drug interdiction. Yet, it is no secret that the Coast Guard is in desperate need of capital revitalization to meet its statutory obligations in these areas. Its fleet is deteriorating, its personnel are dwindling, its offices and stations across this country are being subjected to reductions and consolidations—all with adverse implications not only for our maritime industry but for our entire country in terms of military preparedness and drug interdiction.

I am particularly concerned with the Coast Guard's role in drug interdiction. It seems that we continue to demand more and more of the Coast Guard in this area. Naturally, the more we demand and the less resources we provide, the more ineffective the Coast Guard will become in its drug interdiction effort. The cornerstone of the Coast Guard's drug interdiction effort in protecting our east and gulf coasts from drug smugglers is interdiction at the "choke points" or passes from the Caribbean to the Atlantic, But, it takes Cutters and personnel to patrol those points. I'm talking about efficient Cutters and modern equipment. The Coast Guard must have these resources to be effective in this area. If we can't give them these resources, let's take away this area of responsibility, because those cutters and resources can be put to use in other areas. The obvious "catch-22" is deciding who will assume this responsibility. The answer is increased resources.

My particular concern is protecting the Gulf Coast, especially now when we are seeing this shift in federal law enforcement presence to Florida. This plan definitely has a familiar ring to it. During 1980, law enforcement presence was increased in Florida as part of the federal response to the so-called "Cuban Sealift". The end result was an increase in drug smuggling along the Texas Coast. I fully appreciate and understand the drug smuggling crises in Florida and the need to beef up enforcement in that state. But, I certainly do not want this recent build-up to have the same devastating result with respect to drug smuggling along the Texas Coast. We must continue to take positive steps to deter the influx of illicit drugs into our country. In doing so, however, we must not allow ourselves to become entangled in a game of misdirection, where we shift the focal point to Florida and leave Texas unprotected.

This effort is a two way street. Congress must bite the bullet with respect to the responsibilities and resources for our Coast Guard. by the same token, However, the Coast Guard must bite the bullet by utilizing those resources and deploying those resources in the most efficient and effective manner.

I intend to support efforts in this Congress to increase the resources for the Coast Guard, and I intend to support efforts to constructively redefine the responsibilities of the Coast Guard to weed out those areas where it is spread too thin. I also want to make it very clear that, like my colleagues in the Senate, I will vigorously oppose any efforts by the Administration or the Coast Guard to engage in a game of "Budget gimmickry" with respect to the Acquisition, Construction and Improvement account. It is indefensible for the Administration to carry over $300 million appropriated for FY 1982, into FY 1983, for the sake of showing an authorized budgetary reduction in FY 1983. Congress appropriated these funds for the express purpose of revitalizing and replacing major elements of the Coast Guard's aging and deteriorating fleet. It is a commitment by the Congress and it is a commitment that should be met by the Coast Guard and the Administration.

Once again, I appreciate having the opportunity to present this statement and I thank all the members of the Committee.

Statement of Hon. Paul Sarbanes, U.S. Senator From Maryland

Mr. Chairman, I appreciate the opportunity to submit this statement during these important hearings on the fiscal year 1983 reauthorization legislation for the United States Coast Guard. The hearings come at an important time for the Coast Guard when greater responsibilities have been handed to them and the resources to carry out these responsibilities have been reduced. As a result, despite sound management and great dedication on the part of both civilian and military personnel, the Coast Guard has been trying to do its job with obsolete, unsafe ships, equipment and facilities.

The reduction in the Coast Guard's capability is of particular concern to me due to its impact in Maryland. Maryland's Chesapeake Bay and tributaries and the Atlantic Ocean coastal areas are extremely important natural resources requiring efficient law enforcement, marine safety, aid to navigation, and anti-pollution activities

by the Coast Guard. Additionally, the Coast Guard Yard at Curtis Bay is the major facility for the construction and overhaul of Coast Guard vessels and buoys. I therefore want to outline for the Committee the impact which the lack of resources for the Coast Guard is having in Maryland.

In Mid-December, 1981, the clam boat *Marblehead* sunk off-shore of Ocean City, Maryland. When the distress signal was received at the Ocean City Coast Guard station, the 44-foot motor life boat stationed there and ordinarily available was in a maintenance status and was not able to respond. There was no back-up vessel at the Ocean City station available to go out and other vessels from the Chincoteague and Parramore Beach, Virginia Coast Guard stations were dispatched. In addition, helicopters from Cape May, New Jesey and Elizabeth City, North Carolina were also utilized.

These vessels and helicopters as well as other fishing vessels all searched diligently, but all four members of the crew from the *Marblehead* were lost. While it was established that given the existing weather conditions, the crew may not have survived in any event, the usual sea-rescue capability did not exist at the Ocean City Station.

There is no question but that the Coast Guard should always have the ability to bring in back-up vessels whenever maintenance is necessary so that full sea-rescue capability can be maintained at all its stations including the one at Ocean City, Maryland. It is the responsibility of Congress to assure that adequate resources exist to ensure maritime safety and I commend the Committee for undertaking that effort beginning with today's hearings.

There are other manifestations of Coast Guard resource restrictions which will affect its service to Maryland. Documentation offices in Crisfield, Cambridge and Baltimore are scheduled to be closed. Additionally, aids to navigation teams at Curtis Bay and at Crisfield are to be closed. Cambridge and Crisfield are harbors important to both commercial and recreational fishermen and Baltimore is the second largest port on the East Coast. It is therefore quite understandable that these actions are being viewed with great concern by the fishery and maritime industries in Maryland.

With respect to the Curtis Bay Coast Guard Yard, as a result of a budget related directive from the Administration, the employment ceiling for the skilled civilian workforce was reduced from 1147 to 800. To achieve this drastic reduction in the industrial workforce, 170 employees were notified in the fall of last year that they were going to be RIFed. Many of these employees were minorities or veterans. In addition, the Yard's ability to build new vessels was affected severely.

At a time when the Coast Guard is in desparate need of new vessels and of a major vessel overhaul program to up-grade its aging fleet, these reductions in the skilled workforce at its major facility are simply counterproductive. The construction and overhaul capability of the Curtis Bay Yard must be fully restored and the employment ceilings lifted. Failure to do so will deny to the Coast Guard a well-trained, experienced workforce which will be difficult to reassemble unless quick and determined action is taken. Maryland, and particularly the Baltimore area, has already suffered economically because of the loss of jobs for the Yard workers. Restoring the higher employment levels will therefore reestablish the much-needed ship construction and overhaul capability for the Coast Guard as well as relieve some of the economic distress caused by the reductions-in-force.

Congress has assigned additional responsibilities and missions to the Coast Guard, and it is imperative that the Congress provide funds to meet these important national goals. The Coast Guard's state of readiness must not be diminished further if it is to meet its increased responsibilities in the areas of national security, law enforcement, and safety. I urge the Committee to provide the funding needed to ensure the continued and historic effectiveness of the United States Coast Guard.

THE COOS-CURRY COUNCIL OF GOVERNMENTS,
North Bend, Oreg.

Senator ROBERT PACKWOOD,
U.S. Senate Commerce Commitee, Senate Office Building, Washington, D.C.

We strongly endorse your proposed bill to increase the Coast Guard budget and to purchase new vessels and equipment, the Coast Guard Services have been undermined by budget cuts, inadequate capital investment, expanded duties without financial support, and step-child relationships to the Department of Transportation. We commend your efforts and stand ready to support your efforts in any way because of the essential public safety, public trust, and economic welfare role of the Coast Guard. Please enter this comunication in the hearing record.

Thank you.

The red flag committee of the Coos-Curry Council of Governments in Southwest Coastal Oregon.

Joe Jakavac, Chairman red flag committee from the Port of Coos Bay.

Bill Tankersley, State marine board chairman.

Jim Hanna, Port of Bandon.

Bob Pittman, former Oregon economic Development Commission Member

SANDRA DIEDRICH.

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